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Description of document: Department of Education (DOE/ED) Office of Inspector General (OIG) Exhibits from the DOE Office of Inspector General Investigation regarding Student Assistance Corporation (SAC) regarding Student Loans 2002-2008

Requested date: 29-June-2023

Release date: 29-February-2024

Posted date: 06-May-2024

Source of document: FOIA Request
U.S. Department of Education
Office of the Executive Secretariat
FOIA Service Center
Inspector General
400 Maryland Avenue, SW, LBJ 7W106A
Washington, DC 20202-4536
ATTN: FOIA Public Liaison
Fax: (202) 401-0920
[Freedom of Information Act Public Access Link](#)

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

February 29, 2024

Via email

RE: FOIA Request No. 23-00071-F-IG

This is the final response to your June 29, 2023, Freedom of Information Act (FOIA) request to the United States Department of Education (ED), Office of Inspector General (ED OIG) for a copy of each of the 28 exhibits from Department of Education Office of Inspector General Investigation Case #06-050116, regarding Student Assistance Corporation (SLMA).

The ED OIG conducted a search and found 369 pages responsive to your request. Information has been redacted pursuant to Exemptions (b)(3), (b)(4), (b)(6) and (b)(7)(C) of the FOIA. The information withheld under Exemption (b)(3) protects information that has been “specifically exempted from disclosure by statute”. The information withheld under Exemption ((b)(4) protects trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential. The information withheld under Exemption (b)(6) and (b)(7)(C) of the FOIA protects personal privacy interests. The information withheld under Exemption (b)(6) and (b)(7)(C) includes individual names, addresses, telephone numbers, and other personally identifying information. Information being withheld includes an individual’s signature.

Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. *See* 5 U.S.C. § 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

Consistent with the FOIA, the OIG confirms that, if it is providing responsive records, it has considered the foreseeable harm standard when reviewing the responsive records and applying any FOIA exemptions. *See* 5 U.S.C. § 552(a)(8)(A).

If you are not satisfied with my action on this request, you may file an administrative appeal by writing within 90 calendar days of the date of this letter to the:

Inspector General
U.S. Department of Education
400 Maryland Avenue, S.W.
ATTN: FOIA Appeals

400 MARYLAND AVENUE, S.W., WASHINGTON, DC 20202-1510

Promoting the efficiency, effectiveness, and integrity of the Department’s programs and operations.

Washington, DC 20202-1500

A copy of your initial request, a copy of this letter and your statement of circumstances, reasons, and arguments should accompany your appeal letter. You may also submit an appeal by email to OIGFOIA@ed.gov. Due to mail delays, email submission is preferred. Please include “FOIA Appeal” and your request number in the subject line. If you submitted your initial request through the Department’s online FOIA portal, you may also submit your appeal through the same portal [here](#).

You also have the right to seek assistance and/or dispute resolution services from our OIG FOIA Public Liaison or from the Office of Government Information Services (OGIS). The OIG FOIA Public Liaison is responsible, among other duties, for assisting in the resolution of FOIA disputes. OGIS, which is outside the Department of Education, offers mediation services to resolve disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to appeals or litigation.

You may contact the OIG FOIA Public Liaison or OGIS as follows:

Mail	Lorian Beasley OIG FOIA Public Liaison Office of the Inspector General U.S. Department of Education 400 Maryland Ave., SW Washington, D.C. 20202-1500	Office of Government Information Services National Archives and Records Administration 8601 Adelphi Road Room 2510 College Park, MD 20740-6001
E-mail	Lorian.beasley@ed.gov	OGIS@nara.gov
Phone	202-826-4720	301-837-1996; toll free at 1-877-684-6448
Fax	202-245-7039	NA

Seeking assistance from the OIG FOIA Public Liaison or OGIS does not affect your right, or the deadline, to pursue an appeal.

Sincerely,

**ANTIGONE
POTAMIANOS**

Antigone Potamianos
Counsel to the Inspector General

Digitally signed by
ANTIGONE
POTAMIANOS
Date: 2024.02.29
15:00:45 -05'00'

cc: FOIA Service Center

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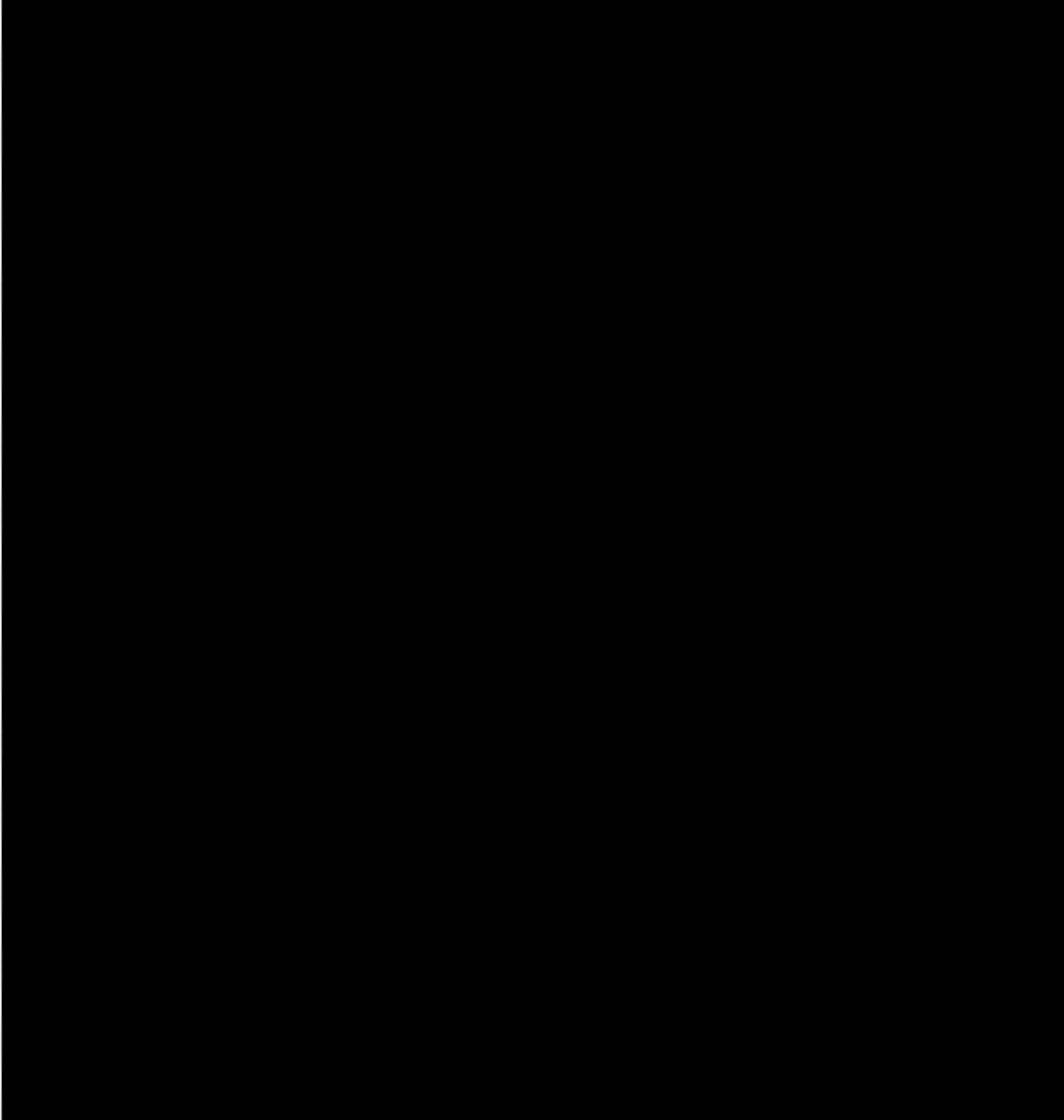
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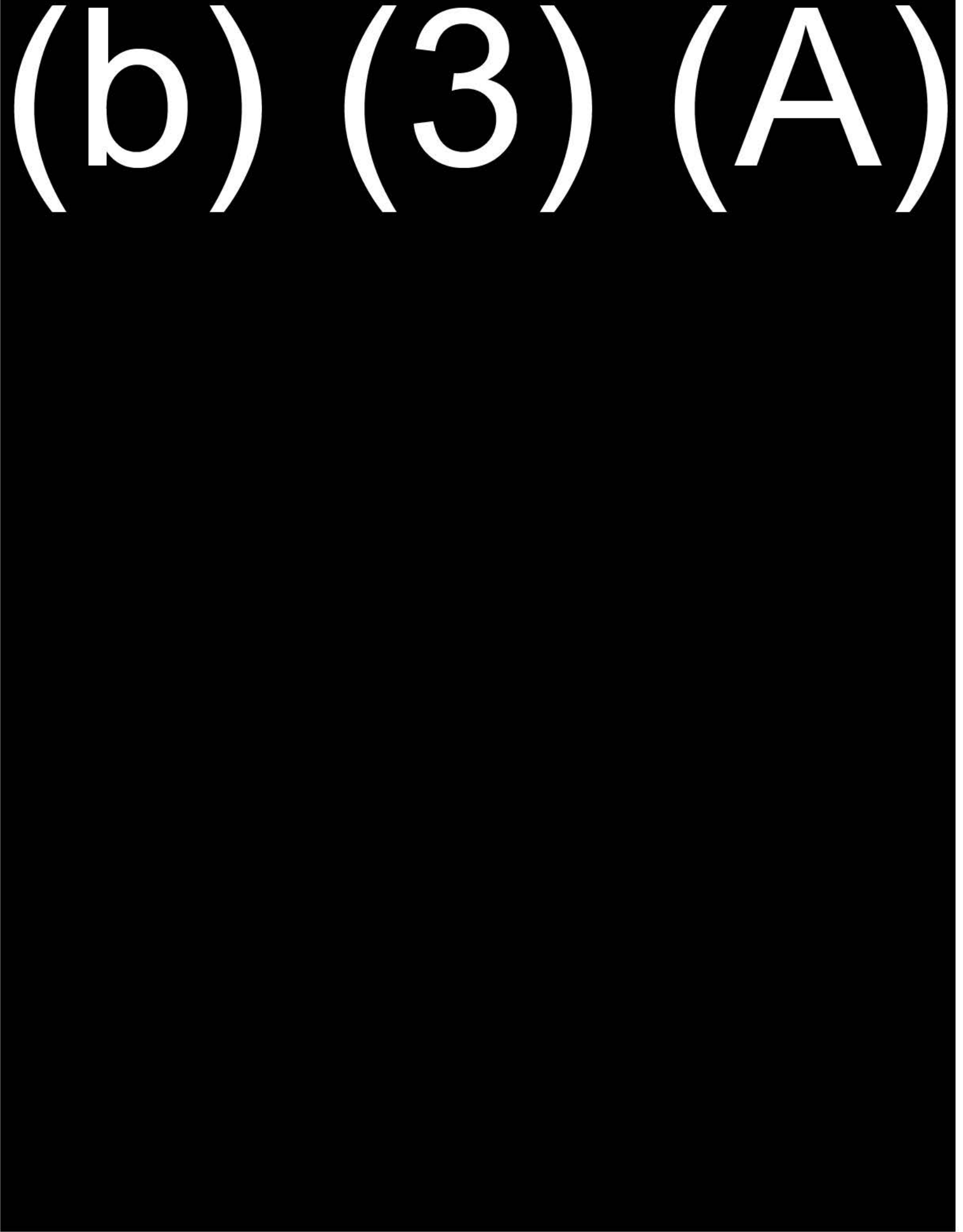
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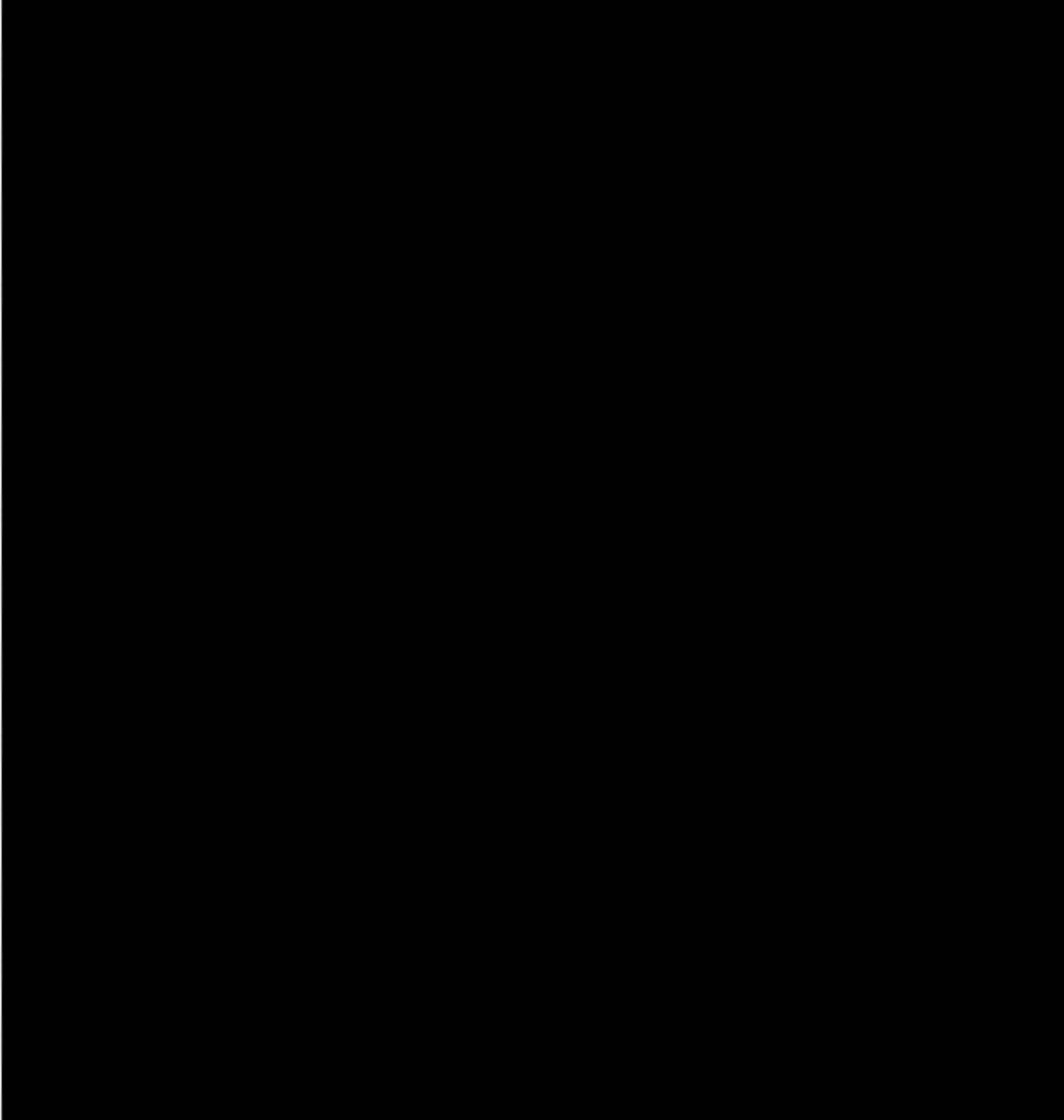
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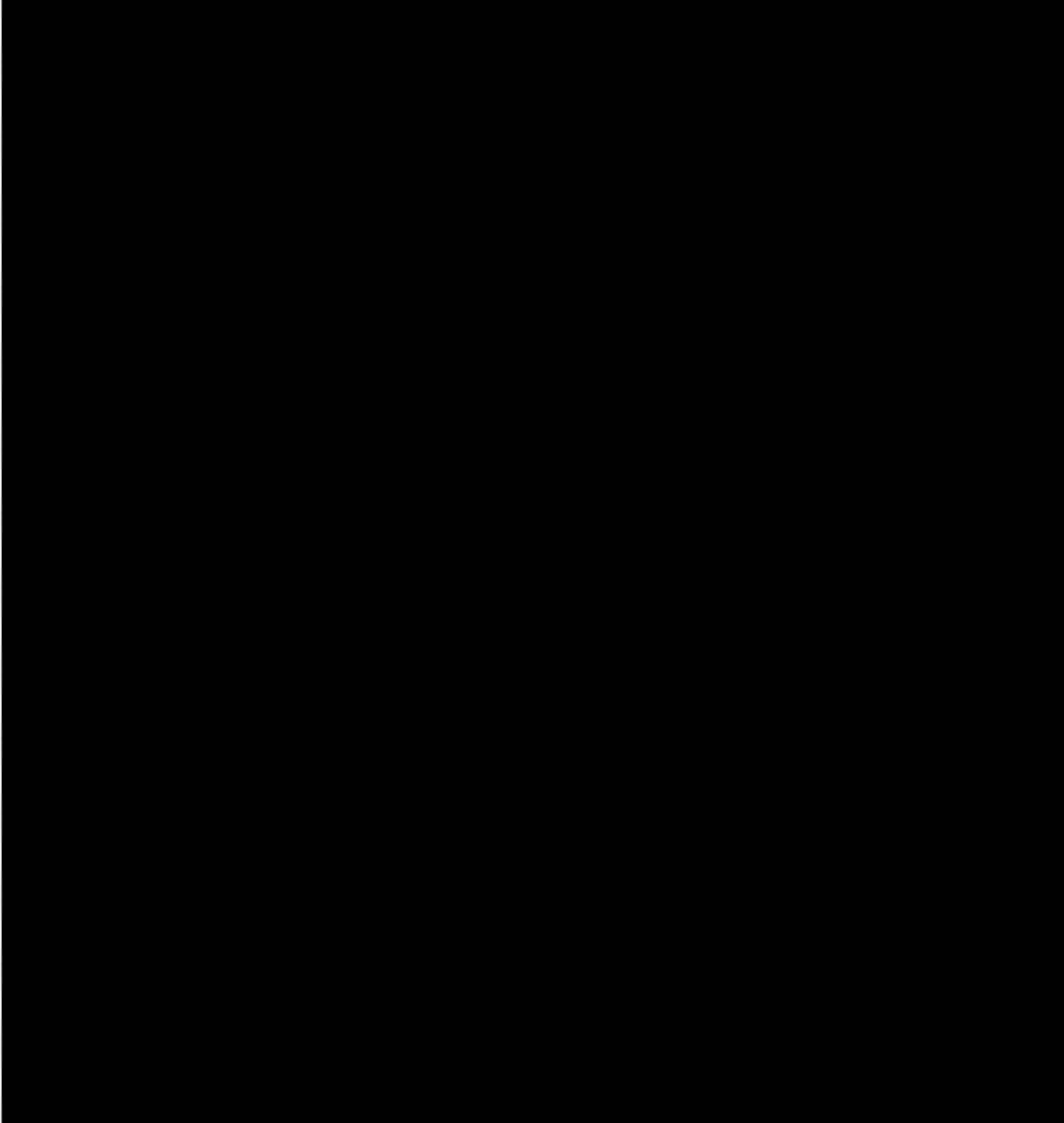
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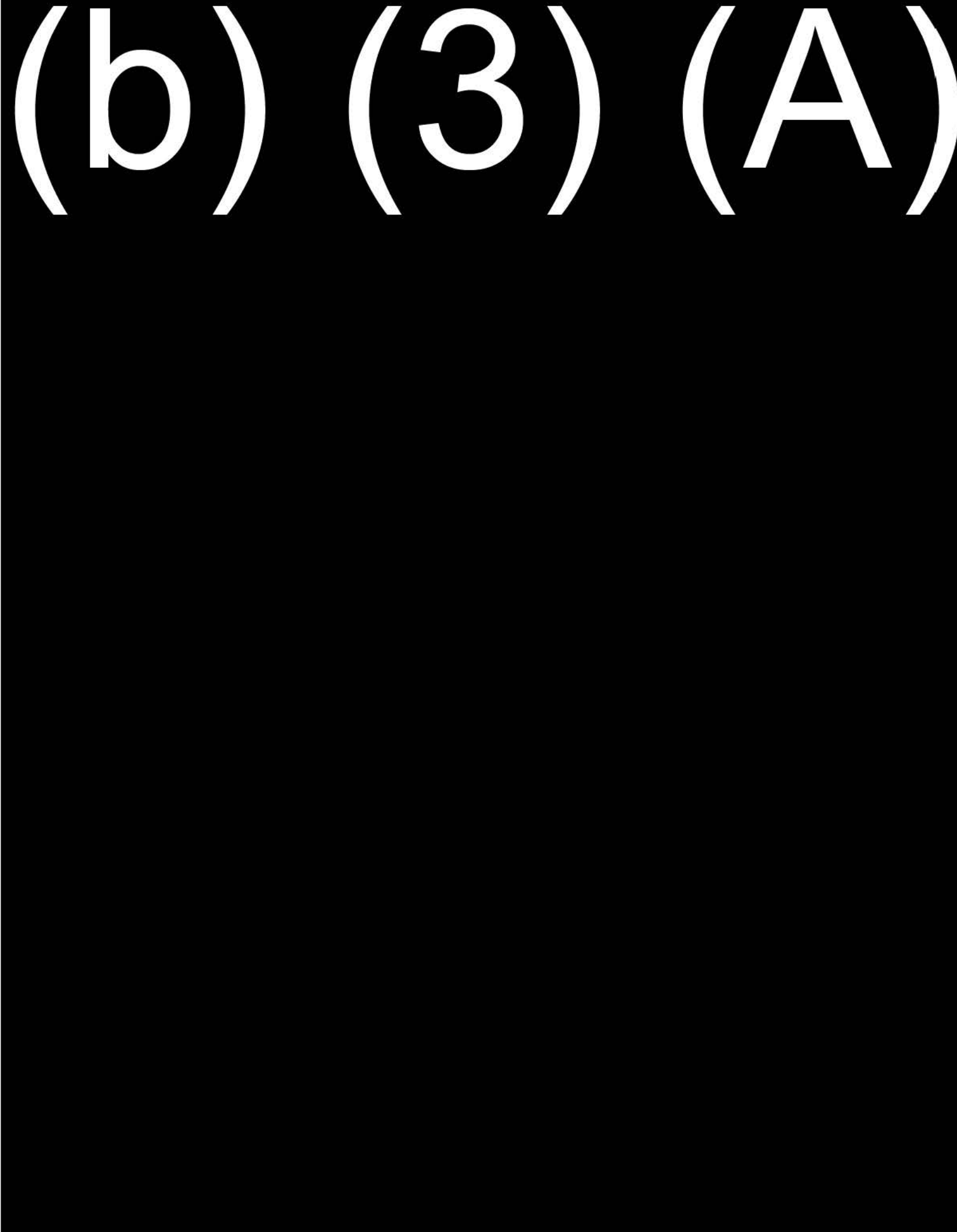
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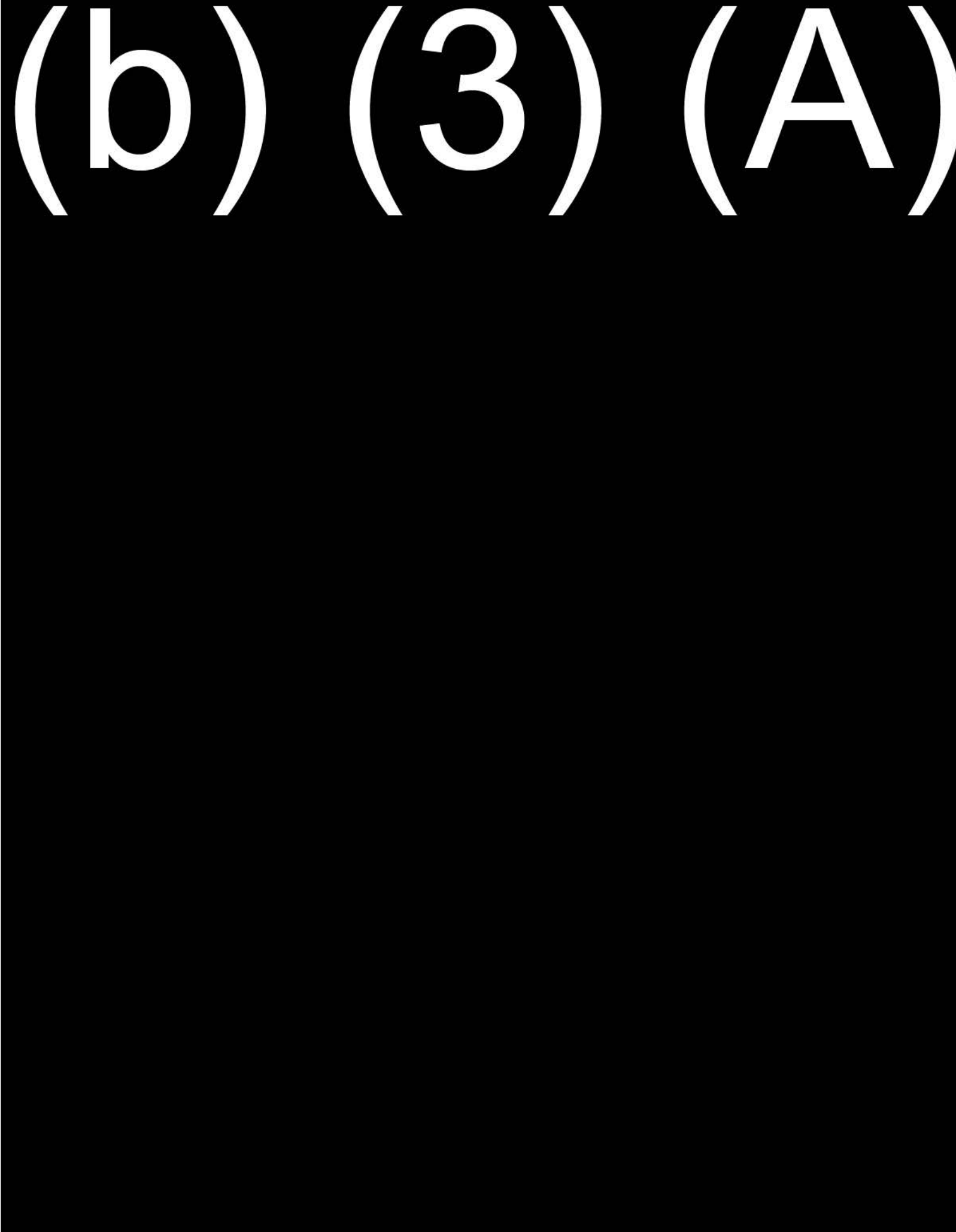
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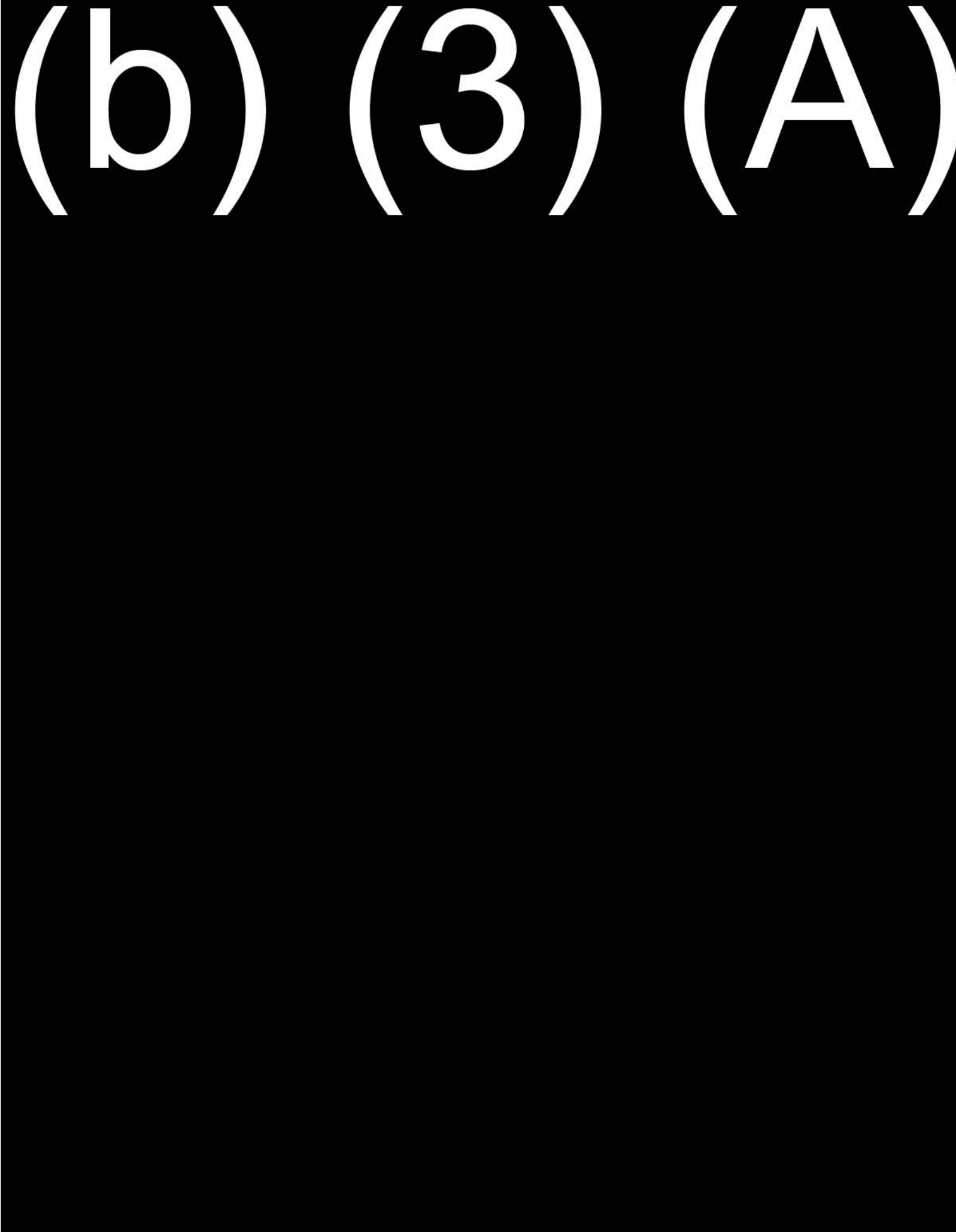


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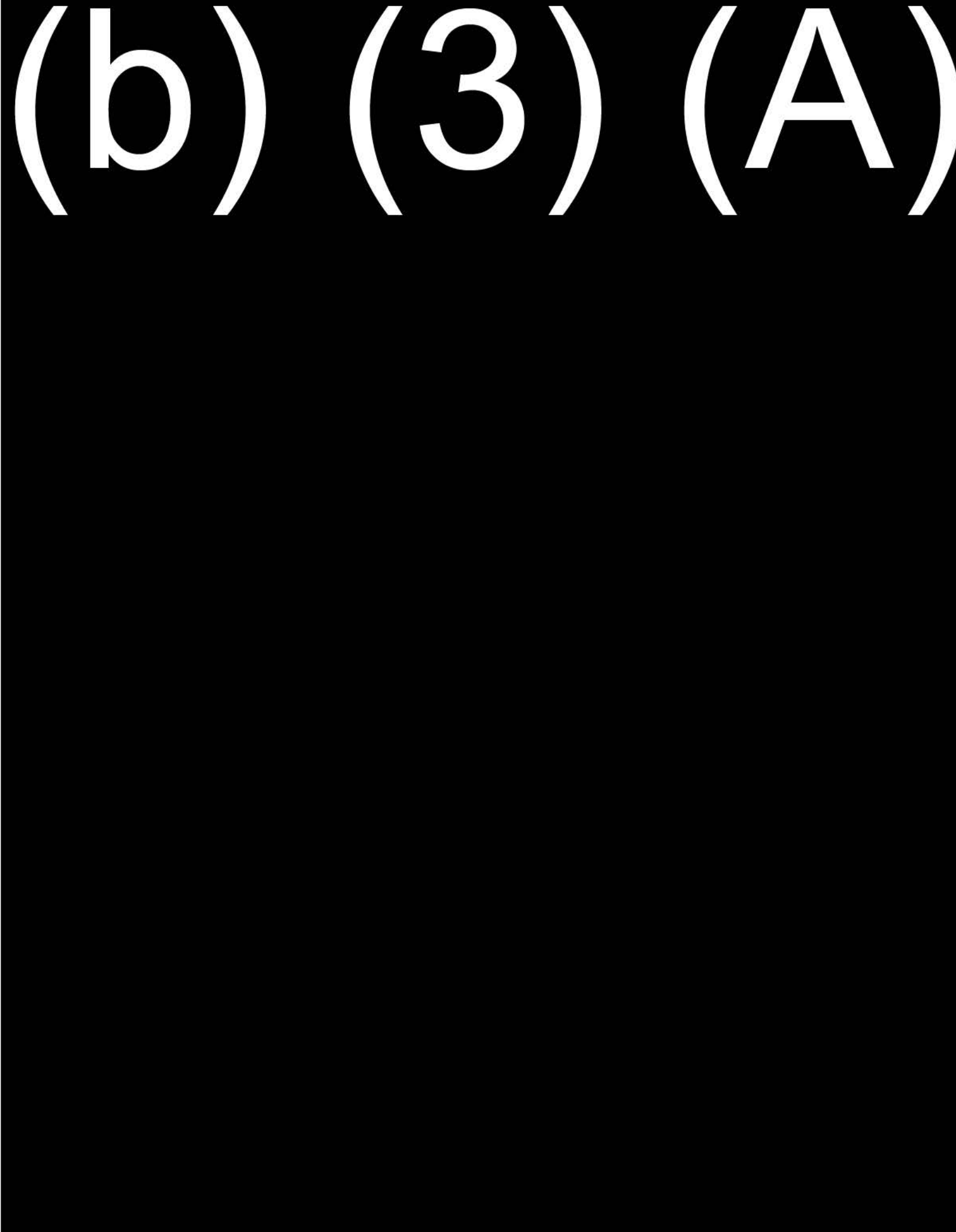
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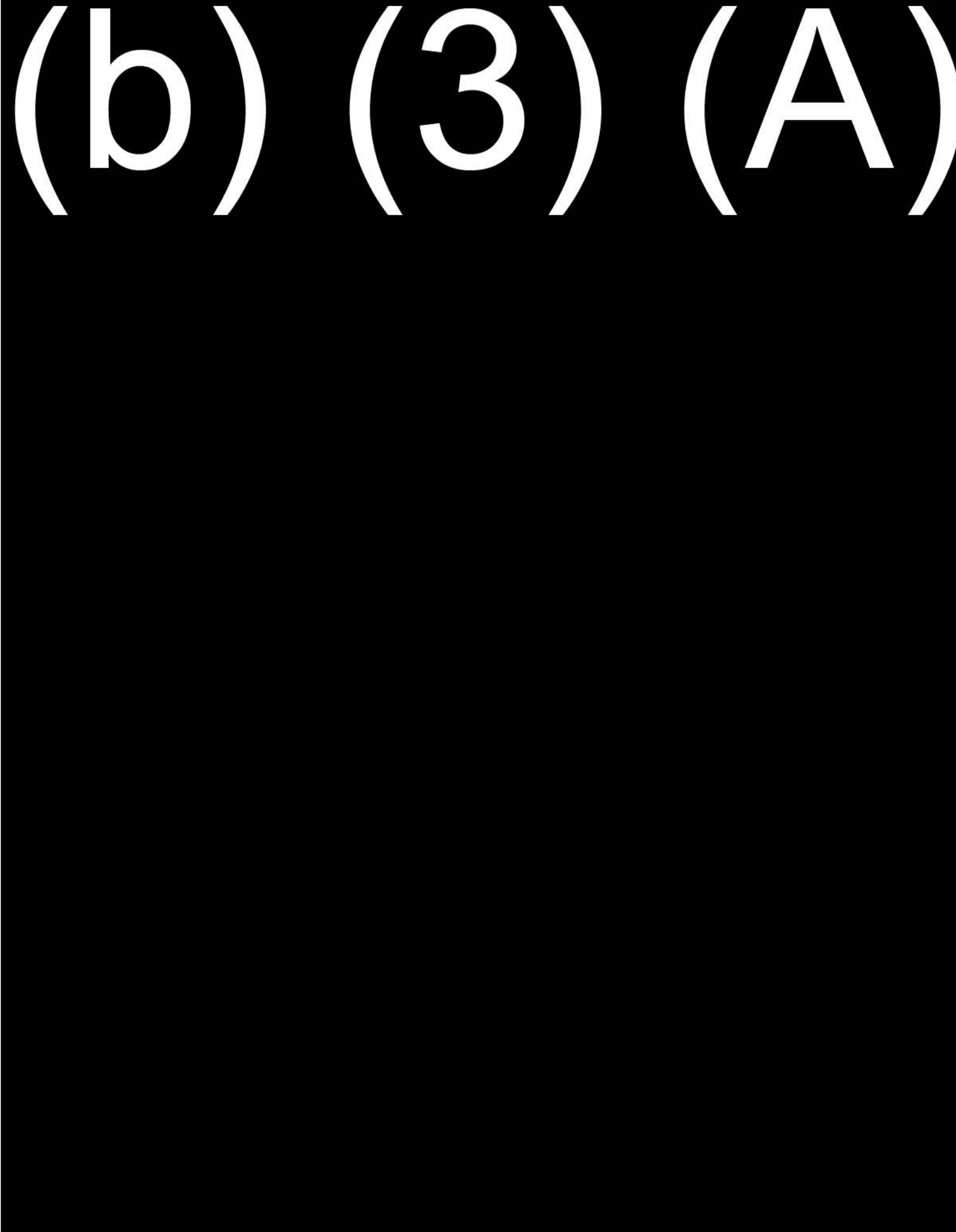
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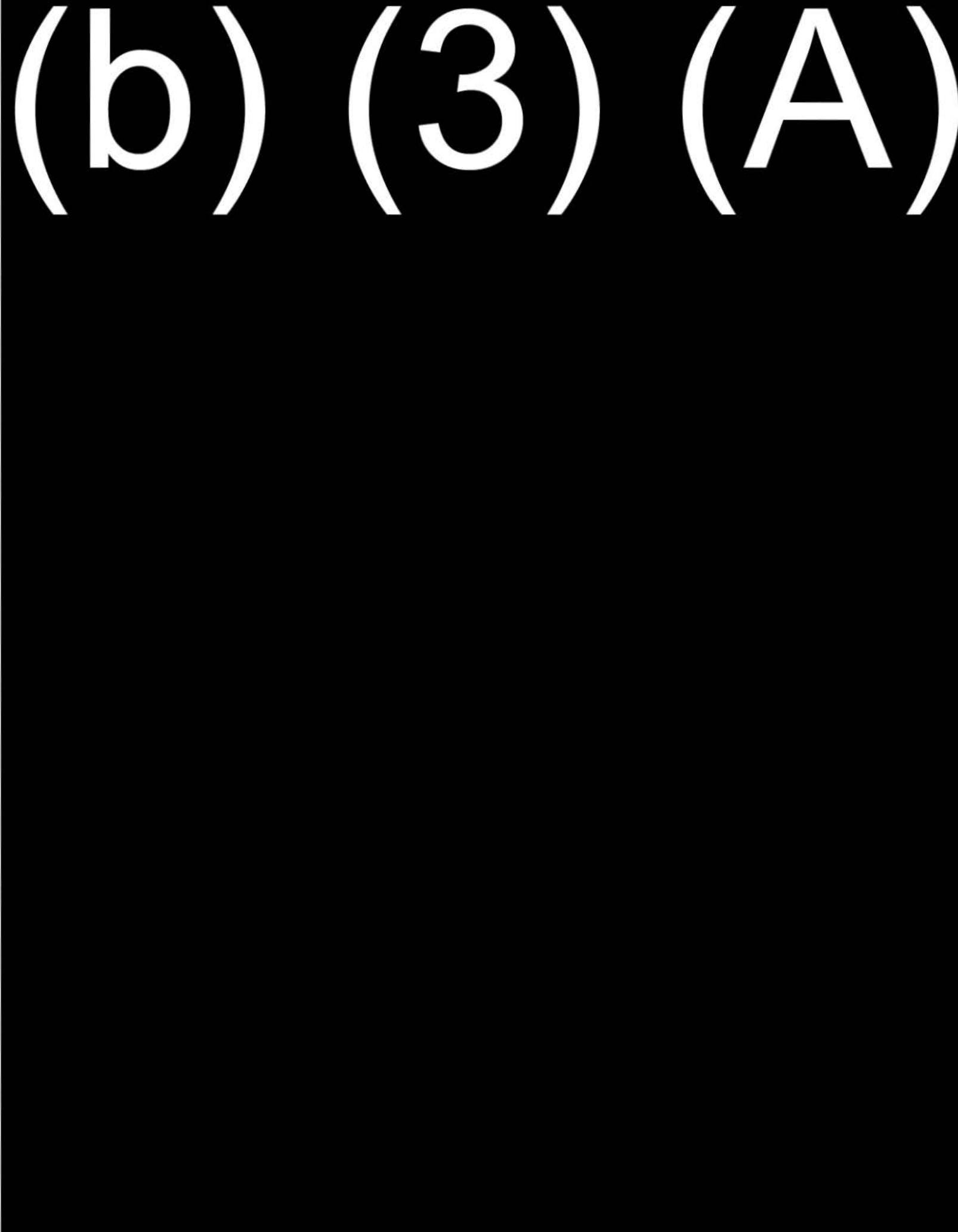
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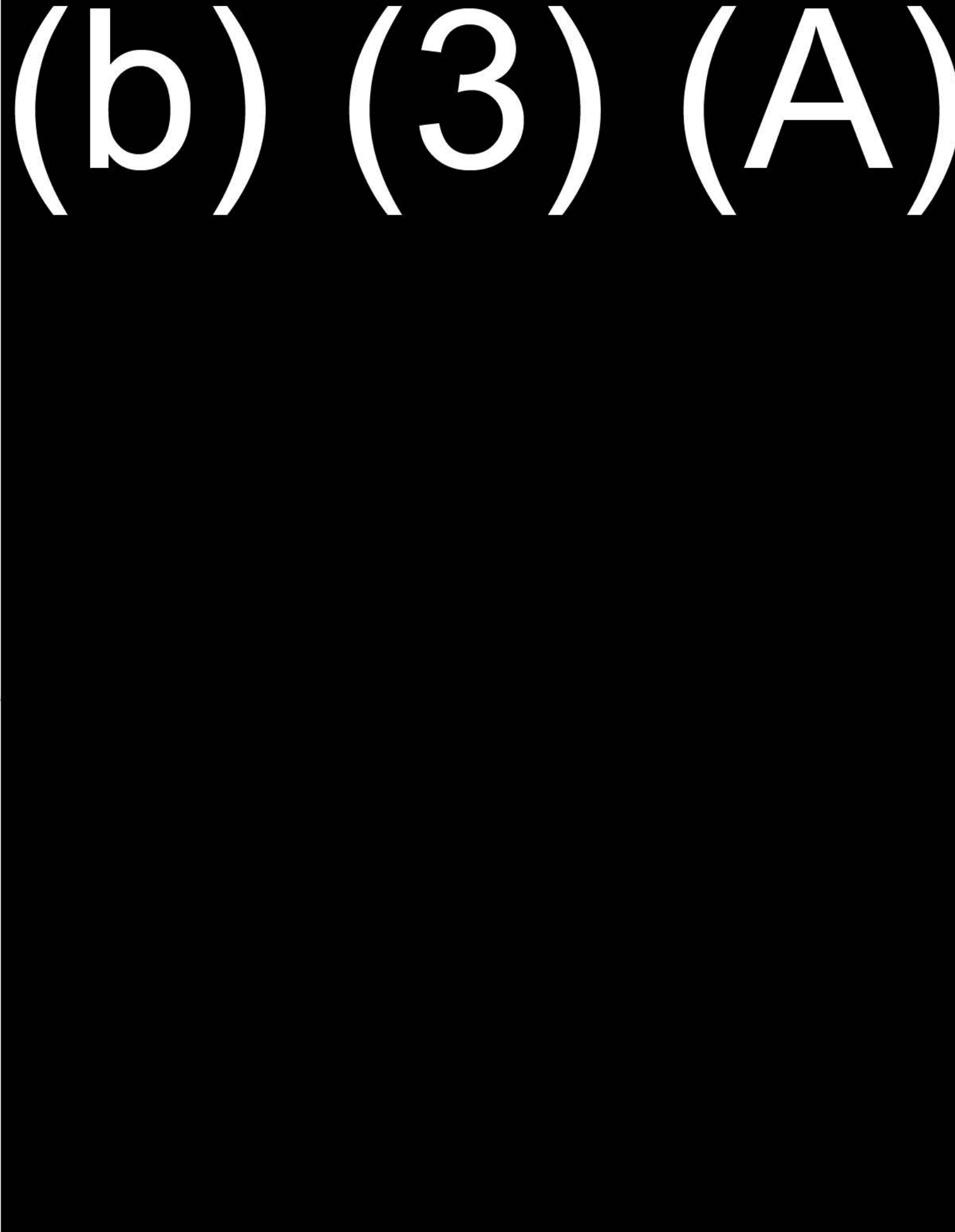


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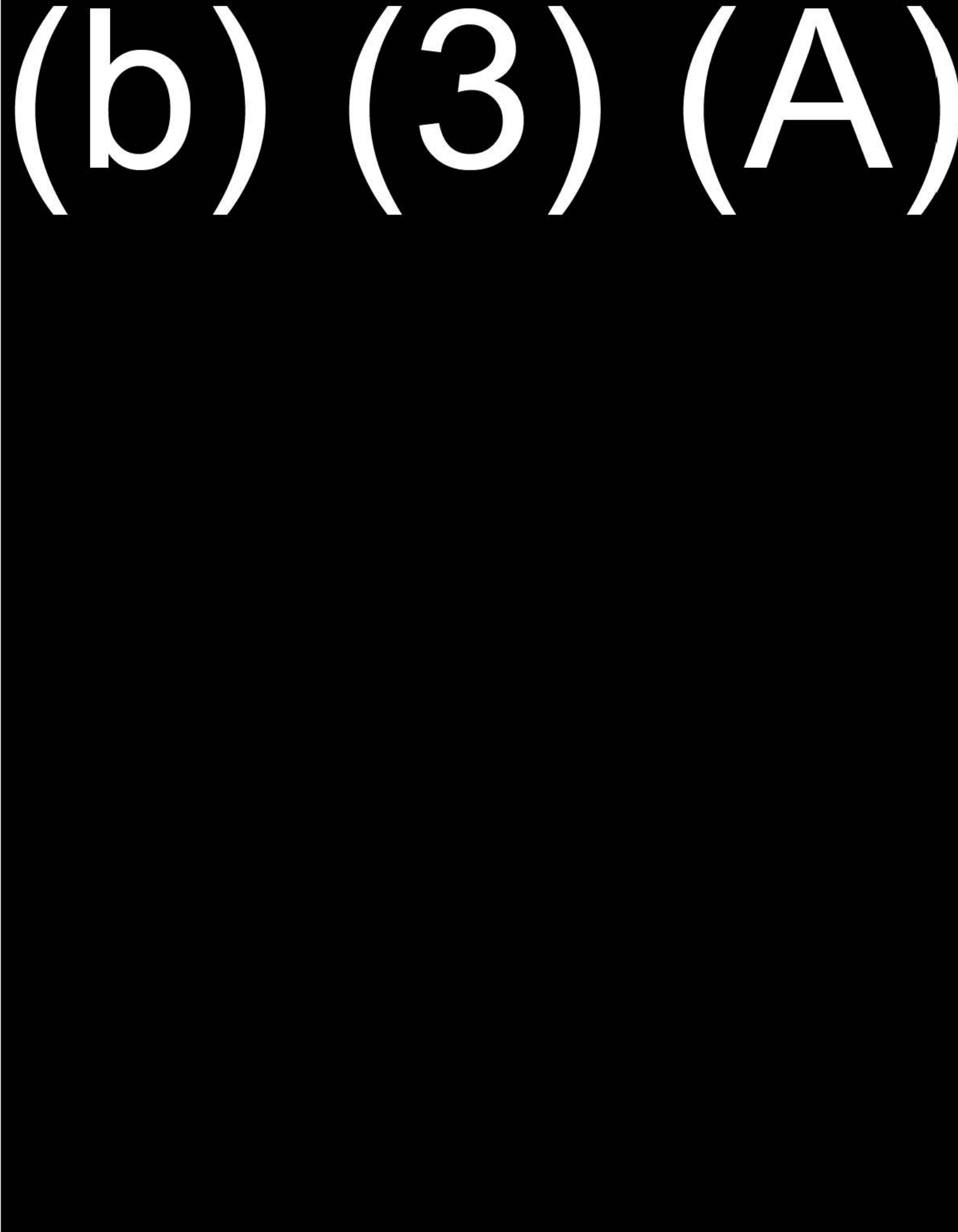


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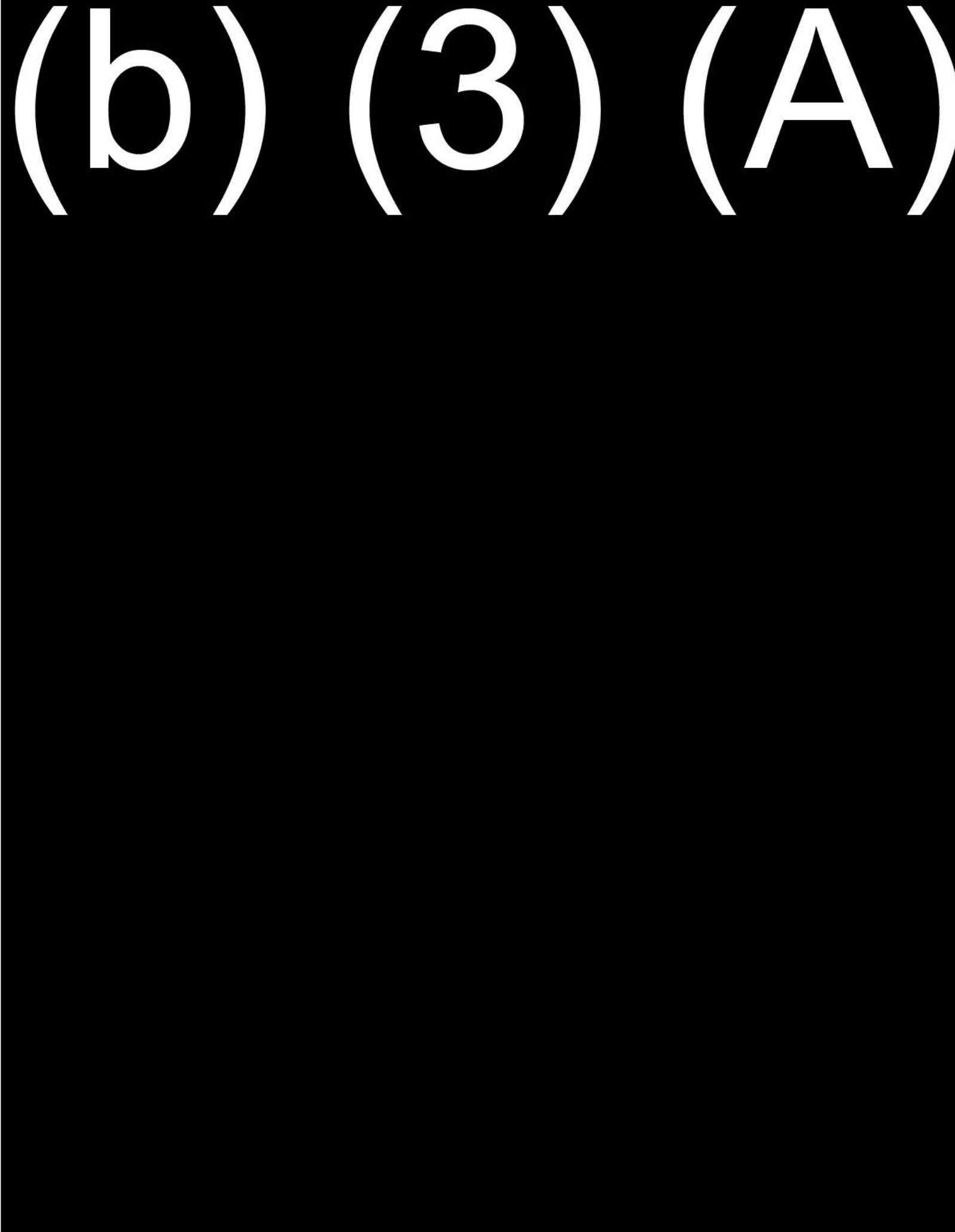
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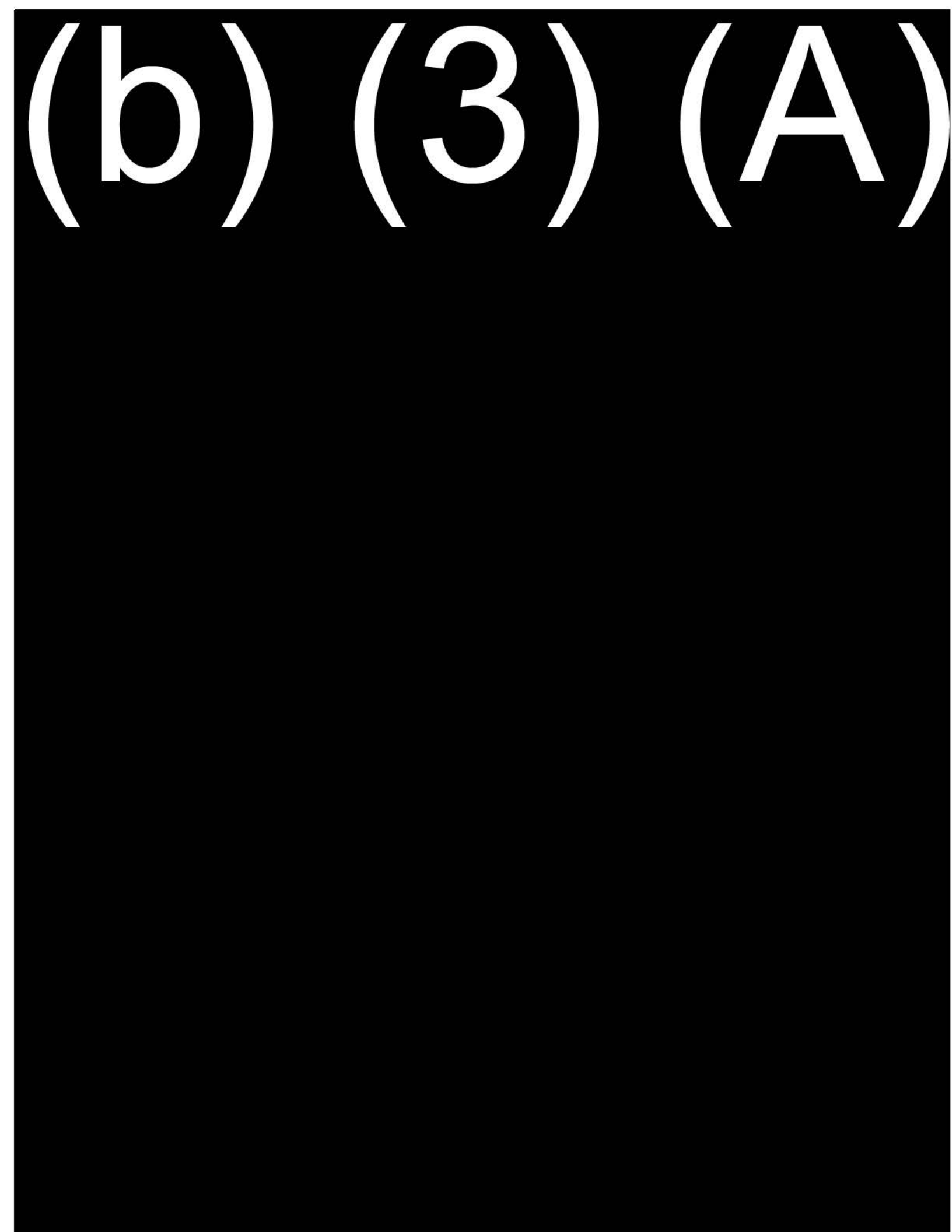
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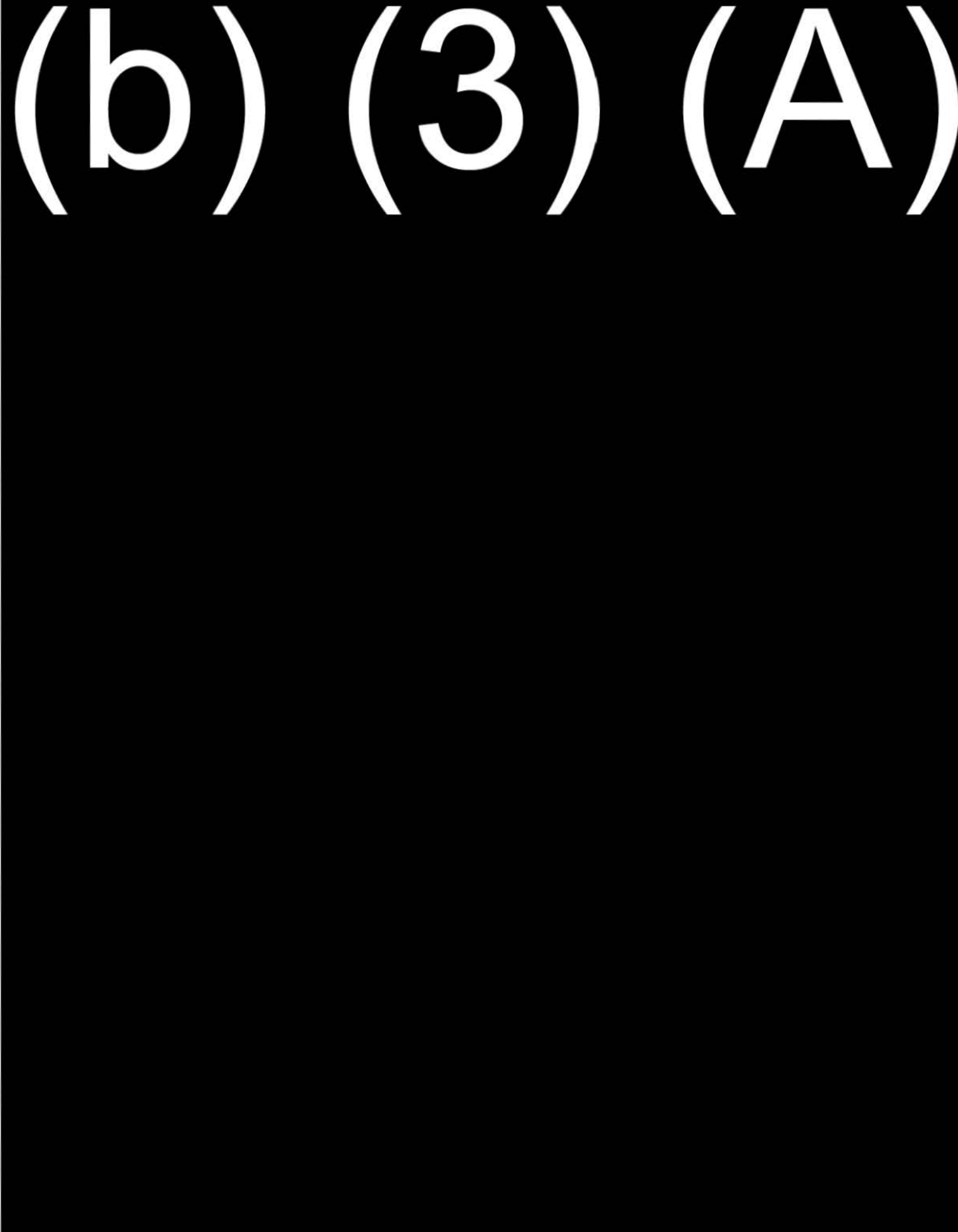
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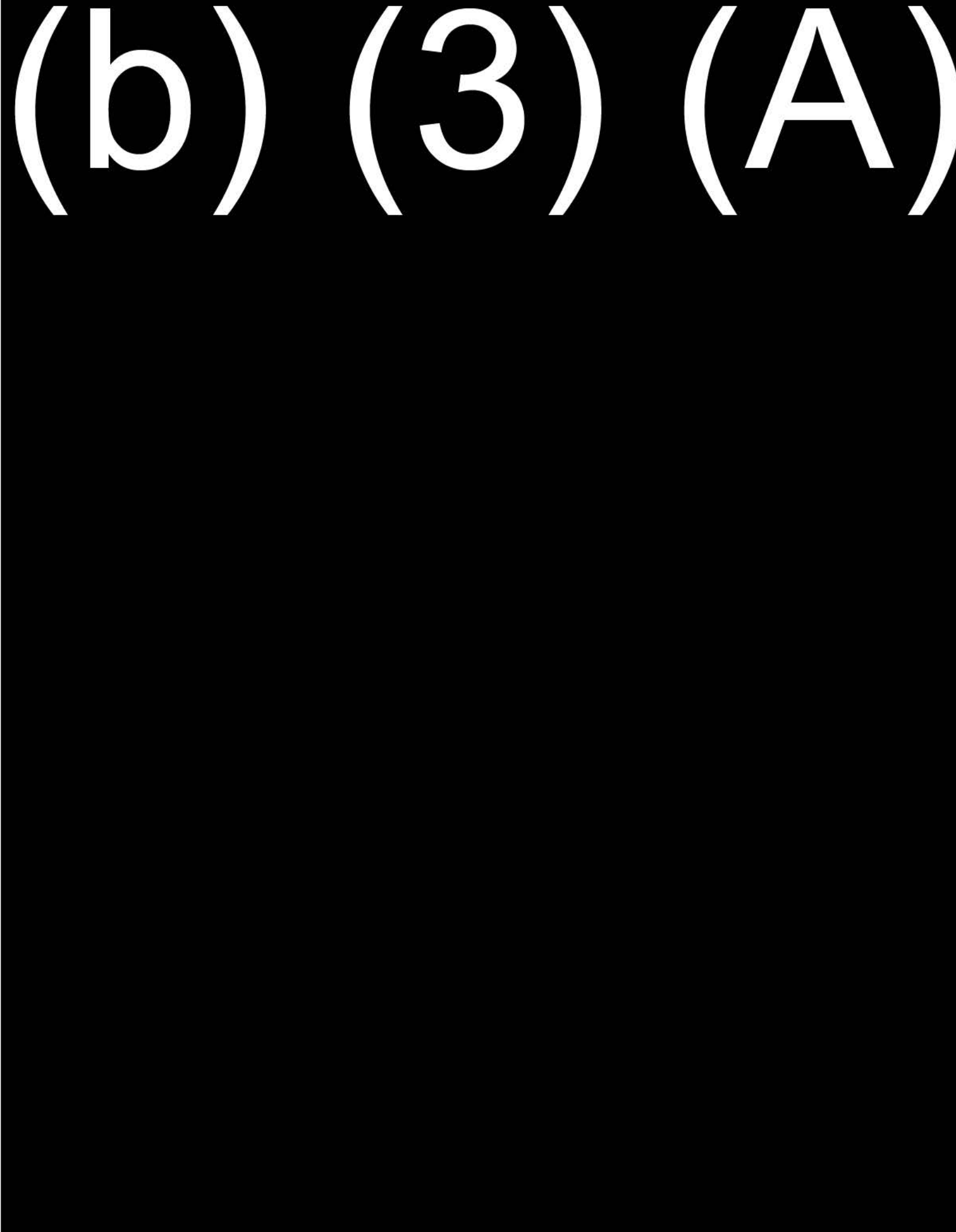
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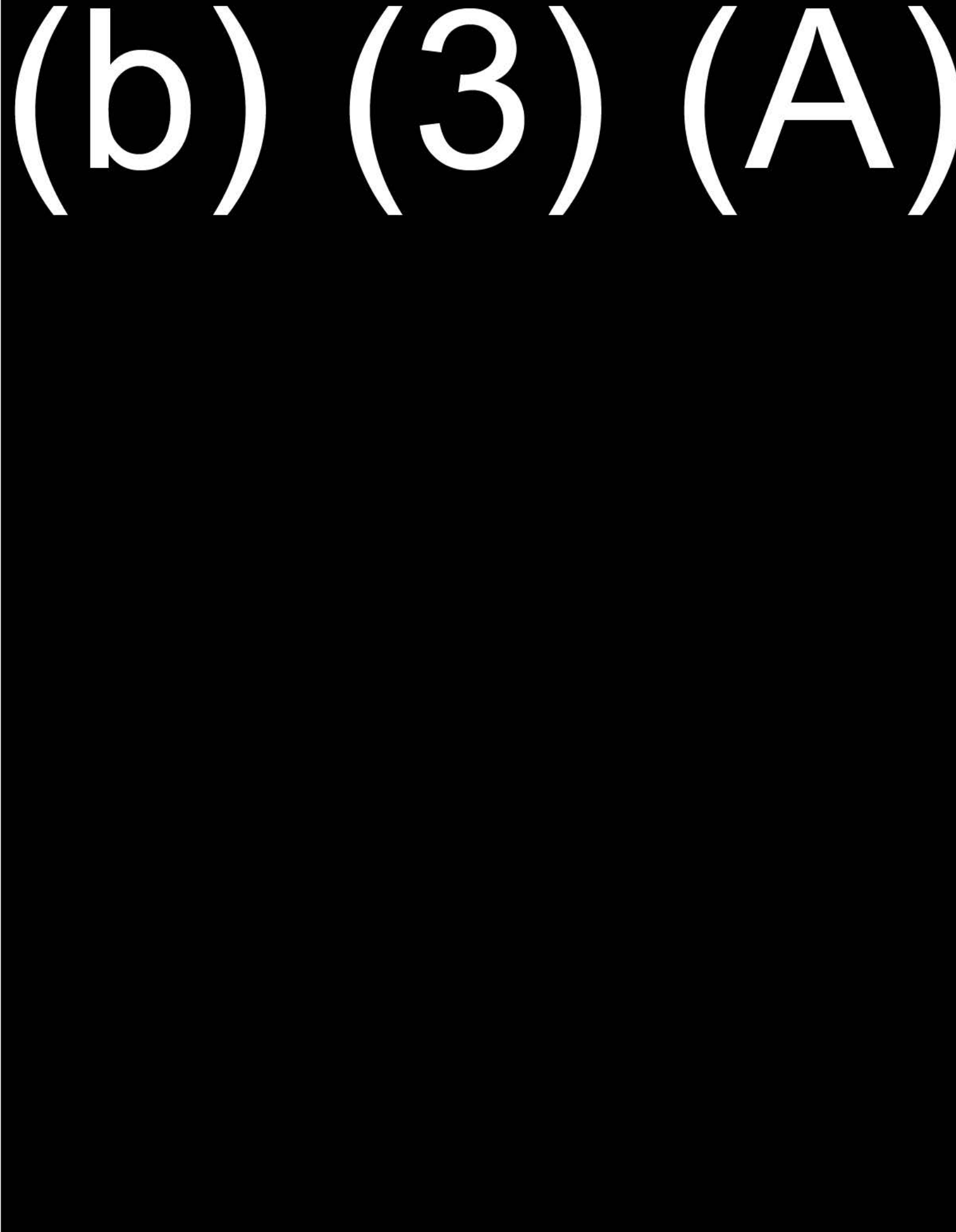
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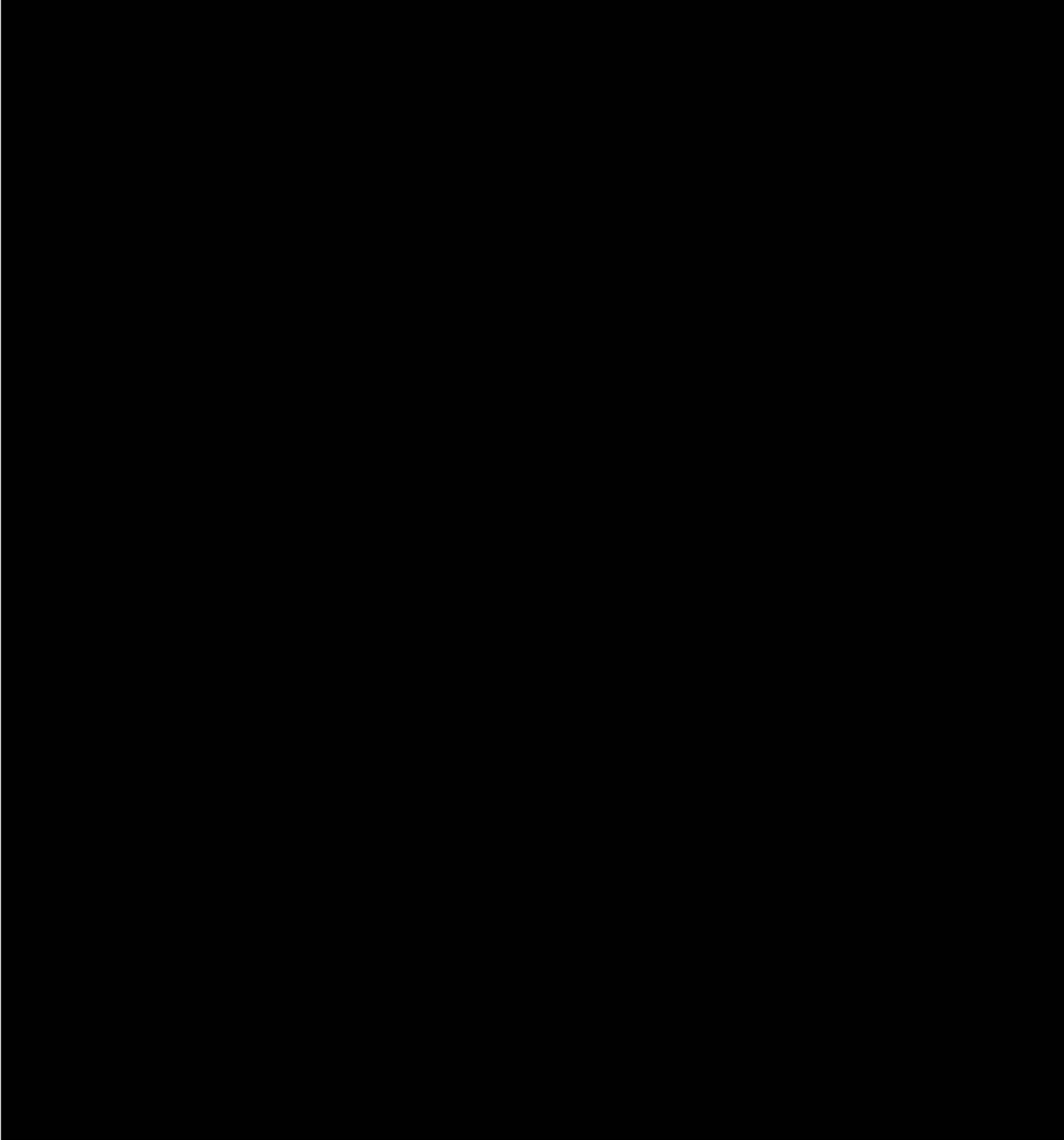


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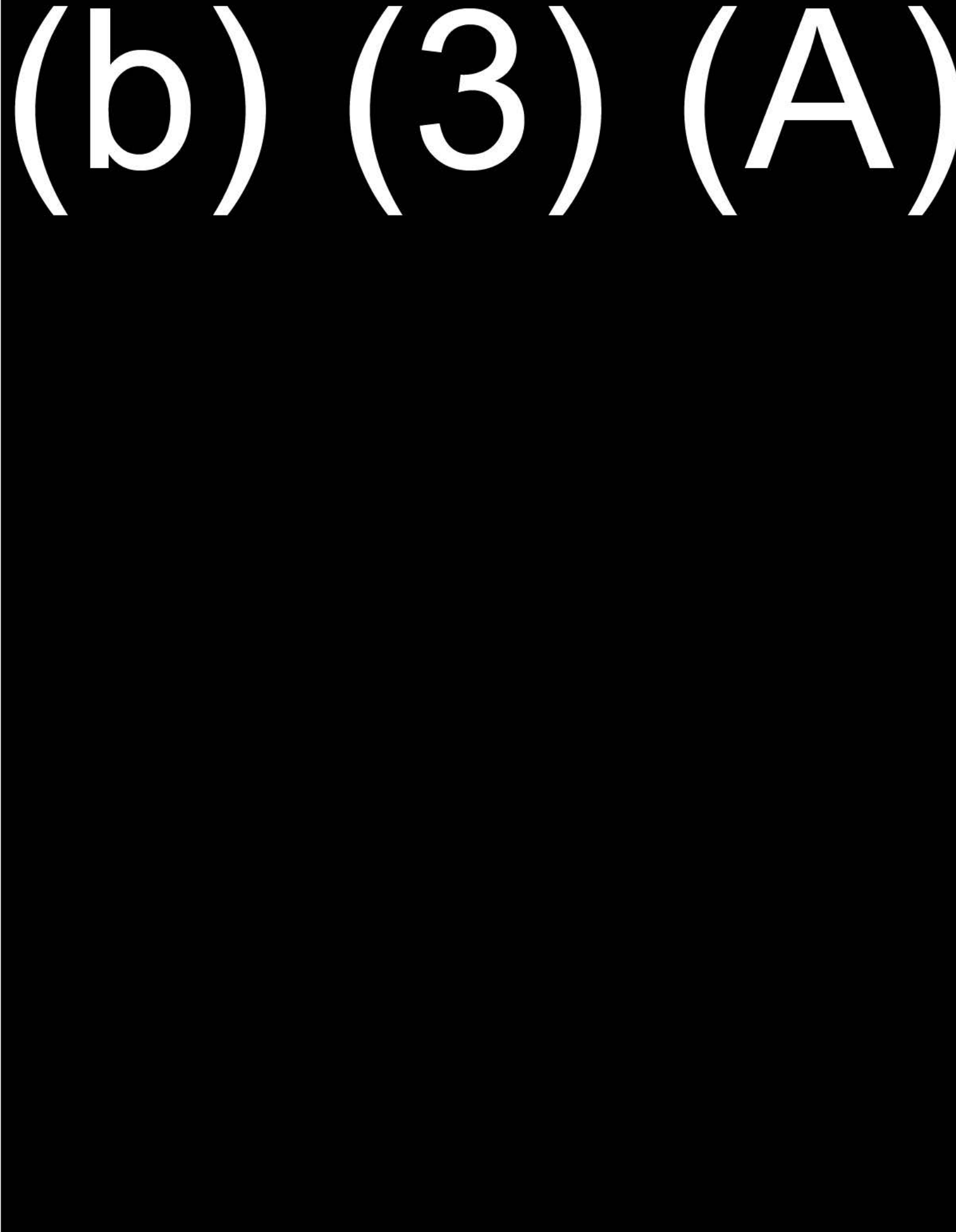
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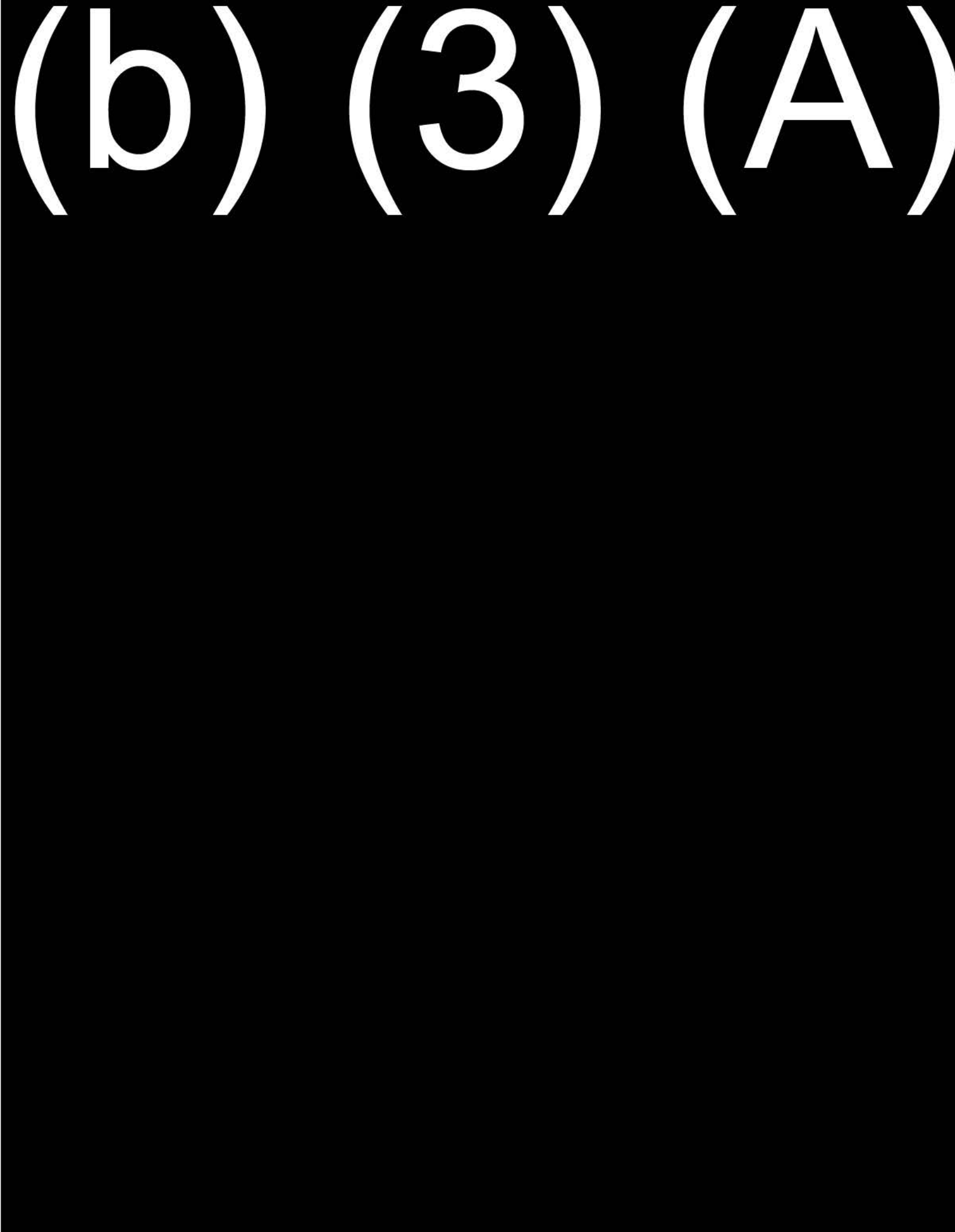
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United States Department of Education
OFFICE OF INSPECTOR GENERAL



Sallie Mae
Corporate Borrower Services
P.O. Box 4200
Wilkes-Barre, PA 18773-4200

Dear Sallie Mae:

Pursuant to 5 U.S.C. app. 3, sections 4, 6(a)(4), the enclosed subpoena duces tecum has been issued by the Office of Inspector General of the United States Department of Education. The materials identified should be produced as indicated on the subpoena.

This subpoena may be satisfied by mailing the requested documents and a signed copy of the attached Declaration of Compliance to the address listed below on or before the specified date:

Special Agent **b6, b7C**
U.S. Department of Education
Office of Inspector General
111 N. Canal Street
Room 940
Chicago, IL 60606

Failure to provide the requested documents at the time specified in the subpoena will be taken by this office as a failure to comply with the subpoena, and we will exercise our legal right to seek judicial enforcement.

The subpoena requests that some of the documents be produced in electronic format. Please have Sallie Mae or Student Assistance Corporation database administrators contact Special Agent **b6, b7C** to arrange a discussion with Office of Inspector General computer technicians to determine the data format and the appropriate manner of providing the data.

It will be helpful in determining whether you have fully complied with this subpoena if the responsive materials are accompanied by an index of the documents produced. If for any reason any of the required materials are not furnished, list and indicate the location of such materials and the reason for nonproduction. In addition, if any document called for is withheld because of a claim of attorney-client privilege, identify: (a) the attorney and client involved; (b) all persons or entities who were involved in the preparation of the document; (c) all persons or entities who received the document; (d) all persons or entities known to have been furnished the document or informed of its substance; (e) the date of the document; and (f) the subject matter of the document.

Attached to the subpoena is a Notice to Submitters of Confidential Commercial Information.

You may contact **b6, b7C** Thank you for your assistance.

Sincerely,

b6, b7C

Christopher J. Fox
Special Agent in Charge

DECLARATION OF COMPLIANCE WITH SUBPOENA

I, _____, having knowledge of the facts and circumstances relating to the production of documents in response to the subpoena duces tecum issued by the United States Department of Education, Office of Inspector General, to Sallie Mae, Corporate Borrower Services, dated June 28, 2006, do hereby declare that all of the records commanded by the subpoena have been produced to the Office of Inspector General, and that the records provided are complete, authentic, and in full compliance with the subpoena and that no document required by the subpoena has been destroyed or altered since receipt of the subpoena. Any records required by the subpoena that have been withheld from production under a claim of privilege or otherwise have been identified on a separate document attached hereto and incorporated herein, along with the reason(s) for withholding the records.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Executed on this ___ day of _____, 20__.

By: _____
(Signature)

(Name)

(Title)

(Organization)



United States Department of Education OFFICE OF INSPECTOR GENERAL



NOTIFICATION TO SUBMITTERS OF CONFIDENTIAL COMMERCIAL INFORMATION

You have or may be asked to submit to the Office of Inspector General (OIG), U.S. Department of Education, information in connection with an investigation, audit, inspection or other inquiry pursuant to the Inspector General Act of 1978, as amended, 5 U.S.C. app. 3, sec. 1 et seq. This is to notify you that if you deem any of this information to be "confidential commercial information," you may take steps to so designate that information to protect its confidentiality if at a future point in time a request is made for disclosure of this information under the Freedom of Information Act (FOIA).

"Confidential commercial information" means records that may contain material exempt from release under Exemption 4 of the FOIA (pertaining to trade secrets and commercial or financial information that is privileged or confidential), because disclosure could reasonably be expected to cause substantial competitive harm.

You may use any reasonable method you believe appropriate and which is acceptable to the OIG to indicate which documents and information you deem to fall into the category of confidential commercial information. Please be as specific as possible in segregating the information that you consider to be "confidential commercial information" from any other information you are providing to the OIG. This may be done before such information is provided to the OIG if feasible, but only if it will not delay or interfere with production of the information or delay or interfere with the OIG's investigation, audit, inspection or other inquiry. Otherwise, you may so designate this information within a reasonable period of time after the information is provided to the OIG.

If an FOIA request is received by the OIG for information you have designated as confidential commercial information, the OIG is nevertheless required by law to make its own independent determination of whether the FOIA requires disclosure of the information or whether it should be withheld pursuant to Exemption (b)(4) or any other exemption of the FOIA. If the OIG determines that it may be required to disclose pursuant to the FOIA that information you have designated or other information that the OIG has reason to believe could reasonably be expected to cause substantial competitive harm, to the extent permitted by law, we will make a good faith effort to notify you and provide you with a reasonable opportunity to object to such disclosure and to state all grounds upon which you oppose disclosure. We will give careful consideration to all specified grounds for nondisclosure prior to making our final decision.

If we nonetheless believe that disclosure is required, we will provide you with a statement explaining why your objections were not sustained and specifying a disclosure date. To the extent permitted by law, this statement will be provided to you in a reasonable number of days prior to the specified disclosure date. Furthermore, if disclosure of the designated information is denied pursuant to an exemption under the FOIA and an administrative or judicial appeal is taken by the FOIA requester, we will make a good faith effort to notify you promptly.

The procedures outlined in this notice are intended only to improve the internal management of the OIG and are not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.



United States Department of Education
OFFICE OF INSPECTOR GENERAL



SUBPOENA DUCES TECUM

TO: Sallie Mae
Corporate Borrower Services
P.O. Box 4200
Wilkes-Barre, PA 18773-4200

YOU ARE HEREBY COMMANDED TO APPEAR BEFORE Special Agent **b6, b7C** a duly authorized representative of the Office of Inspector General, U.S. Department of Education, at 111 N. Canal Street, Room 940, Chicago, IL 60606, by the 31st day of July, 2006, and produce certain documentary evidence specified below which is necessary in the performance of the responsibility of the Inspector General to conduct and supervise investigations, audits, and perform such other functions as are necessary to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud, waste, and abuse in and relating to, the programs and operations of the U.S. Department of Education.

YOU ARE FURTHER COMMANDED to bring with you and produce and provide at said time and place the following:

Records of the Student Assistance Corporation, see Attachment B.

Please direct all inquires about this subpoena to:

Special Agent **b6, b7C**
U.S. Department of Education
Office of Inspector General
111 N. Canal Street
Room 940
Chicago, IL 60606

b6, b7C

**ISSUED UNDER THE AUTHORITY OF THE INSPECTOR GENERAL ACT, TITLE 5
U.S.C. APP. 3, SECTIONS 4, 6(a)(4).**

OFFICE OF INSPECTOR GENERAL
b6, b7C

Christopher J. Fox
Special Agent-in-Charge

June 28 2006
Date:



United States Department of Education
OFFICE OF INSPECTOR GENERAL



RETURN OF SERVICE
(PERSONAL SERVICE)

I hereby certify that on J, 20 , I personally served this SUBPOENA DUCES TECUM on _____ by handing him/her a true copy hereof.

(Signature of person making return)

Name and Official Title

Date

RETURN OF SERVICE
(SERVICE BY MAIL)

I hereby certify that on JUNE 28, 2006, I served this SUBPOENA DUCES TECUM on SALVIA MAE COMPANY Business services, by causing to be mailed, postage prepaid, return receipt requested, a true copy hereof addressed to
(SEE RETURN RECEIPT)

b6, b7C

(Signature of person making return)

b6, b7C

SPECIAL AGENT
Name and Official Title

6/28/06
Date

**SALLIE MAE
ATTACHMENT A**

INSTRUCTIONS

The following instructions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Relevant Time Period. Unless otherwise specified, the scope of this subpoena includes all documents concerning the period from July 1, 2002 through September 30, 2005.
- B. Duty To Supplement. The obligations created by this subpoena are continuing, and you shall supplement your responses if you locate additional responsive documents in your possession.
- C. You shall produce the specified materials to the Department of Education, Office of the Inspector General as they are kept in the usual course of business or you shall organize and label them to correspond to the categories in this subpoena duces tecum.

DEFINITIONS

The following definitions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Sallie Mae. The term “Sallie Mae” refers to the SLM Corporation, headquartered in Reston, Virginia, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
- B. SAC Las Vegas. The term “SAC Las Vegas” refers to the Student Assistance Corporation, a subsidiary of SLM Corporation, located in Las Vegas, Nevada, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
- C. SAC Indiana. The term “SAC Indiana” refers to the Student Assistance Corporation, a subsidiary of SLM Corporation, located in the State of Indiana, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
- D. USAF. The term USAF refers to United Student Aid Funds located in Indianapolis, Indiana, and all subsidiaries, affiliates, divisions, and any other

related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.

- E. CLASS system loan history. The term "CLASS system loan history" refers to Sallie Mae's mainframe internal platform that holds all borrower account information and the entire loan history for each loan held by Sallie Mae, including borrower identifying information, secondary contact information, loan origination information, payment history, all inbound and outbound contacts with the borrower, correspondence, and forbearances or deferments granted, among other information.
- F. Borrower Pursuit System (BPS) records. The term "Borrower Pursuit System (BPS) records" refers to the electronic records that contain borrower delinquency history and SAC/borrower contact information.
- G. Concerning. The term "concerning" means referring to, describing, evidencing, or constituting.
- H. Document. The term "document" refers to correspondence, agreements, memoranda, notes, electronic mailings, calendar and diary entries, memoranda of conversations and of meetings, studies, reports, offers, inquiries, bulletins, summaries, newsletters, compilations, maps, charts, graphs, photographs, film, microfilm, articles, announcements, books, books of account, ledgers, vouchers, canceled checks, invoices, bills, opinions, certificates, and all other tangible things upon which any handwriting, typing, printing, drawing, representation, magnetic or electrical impulses, or other form of communication is recorded, including audio and video recordings and computer-stored information.
- I. Person. The term "person" is defined as any natural person or any business, legal, or governmental entity or association.
- J. Possession. The term "possession" denotes actual or constructive possession. For example, a document is in your possession if it is within the your custody or control, if you have a legal or equitable right to obtain such document from another person, or if it is in the possession of any present or former officer, director, employee, partner, corporate parent, subsidiary, or affiliate thereof.
- K. And/Or. The terms "and" and "or" are used interchangeably herein, operating both as conjunctive and disjunctive conjunctions. The singular and plural forms of nouns and pronouns are likewise used interchangeably herein.
- L. Refer. "Refer" means to discuss, report on, review, consider, evaluate, or explain by direct mention of the subject matter of the request.

M. Relate. "Relate" means to comprise, explicitly or implicitly, refer to, be reviewed in conjunction with, or be generated as a result of the subject matter of the request, or to reflect, record, memorialize, discuss, evaluate, consider, review or report on the subject matter of the request.

**SALLIE MAE
ATTACHMENT B**

1. Electronic records that identify by name and Social Security Number all student loan borrowers who received verbal forbearances granted by SAC Las Vegas from November 2002 through September 2005, the lender and guarantor of the underlying loans, the date or dates of the verbal forbearance(s), and the SAC employee responsible for each verbal forbearance.
2. Entire CLASS system loan history of borrowers who received a verbal forbearance from a SAC Las Vegas representative from November 2002 through September 2005 in electronic format.
3. Electronic Borrower Pursuit System (BPS) records of all borrowers who received a verbal forbearance from a SAC Las Vegas representative from November 2002 through September 2005 in electronic format.
4. All email notifications by SAC Las Vegas to USAF, SLMA or SAC, Indiana, of verbal forbearances granted for borrowers from November 2002 through September 2005, active or archived, as well as company policies on the retention or destruction of emails.
5. Documents identifying all default aversion specialists/associates and supervisors employed by SAC Las Vegas from July 2002 through September 2005, including their position, dates of employments, Social Security Number, address, and telephone number. (In lieu of all responsive documents, a listing containing the requested information may be provided.)
6. Time and attendance records for all default aversion specialists/associates employed by SAC Las Vegas from July 2002 through September 2005.
7. Monthly records of defaults averted by each SAC Las Vegas team and employee from July 2002 through September 2005.
8. Records of all bonuses, awards, or recognitions received by SAC Las Vegas default aversion specialists/associates and supervisors from July 2002 through September 2005.
9. All SAC quality control reports concerning default aversion performed by SAC Las Vegas from July 2002 through September 2005.
10. Documents relating to all employment actions including terminations, suspensions, or reprimands against SAC Las Vegas default aversion specialists/associates and supervisors and related SAC quality control audio recordings from July 2002 through September 2005.
11. All independent audits of SAC from July 2002 through September 2005.
12. Records of all default aversion fees paid by the United States Department of Education to USAF from July 2002 through September 2005.

13. Records of all default aversion fees paid by USAF to SAC from July 2002 through September 2005.

APPENDIX A



United States Department of Education OFFICE OF INSPECTOR GENERAL



REQUEST FOR ISSUANCE OF OIG ADMINISTRATIVE SUBPOENA

MEMORADUM

TO: b6, b7C

FROM: b6, b7C

DATE: June 16, 2006

I request that the attached IG subpoena be approved in the matter described below.

1. What is the OIG Reference Number associated with your investigation?

06-050116

2. Who is/are the target(s) of your investigation? Please indicate any corporate status.

Student Assistance Corporation (primary target)
Sallie Mae Corporation (secondary target)

3. Describe the nature of your investigation including whether the inquiry is primarily criminal, civil or administrative and whether the target(s) is aware of the investigation. Copy of case opening memo may be provided if this helps to summarize the investigation. An accurate and complete description will facilitate and expedite subpoena review and authorization.

On January 3, 2006 SAIC Fox and ASAIC Utz notified Special Agents [b6, b7C] and [b6, b7C] that a former Sallie Mae Corporation employee had filed a qui tam lawsuit and the U.S. Department of Justice requested that ED-OIG review the filing. Special Agents [b6, b7C] and [b6, b7C] were assigned to review the lawsuit. The qui tam was and remains under seal as of this date, the targets are not aware of the qui tam. At this time this investigation is primarily civil.

The qui tam relator alleged that between 2002 and 2005 the Student Assistance Corporation (SAC), a subsidiary of student loan lender Sallie Mae Corporation (Sallie Mae), falsified borrower forbearances in an effort to avoid student defaults. The relator alleged that in 2000 Sallie Mae purchased SAC from USA Group. USA Funds (USAF), Sallie Mae's largest student loan guarantor and also part of USA Group, remained independent. The purpose of SAC was to bring loans current which were 60 to 120 days delinquent. The HEA requires that a lender (in this case, Sallie Mae) request "default aversion assistance" from its guarantee agency (USAF) for loans that are 60 to 120 days delinquent. USAF contracted with SAC to perform default aversion assistance. This contract between USAF and SAC resulted in SAC performing default aversion assistance for its parent company, Sallie Mae.

In November 2002 the U.S. Department of Education (ED) began allowing student loan servicing companies such as SAC to accept "verbal" forbearances from delinquent borrowers. In practice, this allowed SAC to contact a delinquent borrower and ask the borrower if he or she would like forbearance on the collection of the loan. If the borrower accepted the forbearance the SAC representative would notify USAF and the loan would no longer be delinquent. It was important to USAF to keep its default rate low to qualify for 100% reinsurance from ED for loans that did default.

The relator alleged that between 2002 and 2005, as a result of the ED's "verbal forbearance" allowance, employees of SAC routinely fabricated telephonic contacts with delinquent borrowers and their acceptance of forbearances. The result of the fabricated forbearances was an artificial lowering of the default rates of Sallie Mae and USAF and an increase in default aversion fees paid by the federal government to USAF, which passed some of those fees on to SAC. An additional loss to the federal government was the increase in the outstanding loan balance that borrowers accrued during the duration of the forbearance. During forbearance interest accrues and is capitalized, and the federal government ultimately pays this amount if the borrower defaults.

In March 2006 ED-OIG Special Agents interviewed current and former SAC Las Vegas employees (default aversion specialists.) Those employees generally confirmed the allegations of the relator, specifically that SAC default aversion specialists falsified borrower verbal forbearances. The U.S. Department of Justice attorney assigned to the relator's qui tam suit agreed that with the employee interviews there was enough evidence to proceed with the investigation. The next step in the investigation will be to subpoena borrower contact data from SAC.

This is a Priority 1 investigation due to the scope of the potential loss to the government.

4. What is the name and address of the individual/entity you wish to subpoena (subpoenaed party)?

Corporate Borrower Services
Sallie Mae
P.O. Box 4200
Wilkes-Barre, PA 18773-4200

5. What is the relationship between the subpoenaed party and the target of the investigation?

The subpoenaed party is the target of the investigation.

6. What type of documents are you requesting? Explain how these documents are relevant and necessary to your investigation?

The documents will be in paper and electronic form. See Attachment A. The records include those of all borrowers who received verbal forbearances from SAC and the entire SAC contact history with the borrowers. Also requested are employee records including monthly performance charts and employee lists. All of these records will allow us to focus on those employees who had an unusually high number of verbal forbearances and research those borrowers who received verbal forbearances from those employees, which may have been falsified. The relator has provided advice and guidance on what to look for in the employee and borrower records.

7. Explain steps you have taken to obtain the documents without the use of a subpoena. If you believe the documents will not be released without a subpoena, explain basis for this belief?

Some of the records may be obtained without a subpoena because they affect the operations of the Department, however, other records, such as employee information, must be requested by subpoena. Using a subpoena to request all of the records will be more efficient.

8. Does the subpoenaed party have custody of, or control over the requested documents? Explain the degree of such custody/control?

SAC has custody and control of all the records requested.

9. Have prior subpoenas been issued in this investigation? Briefly summarize them.

None.

10. Do the requested documents relate to legal representation or are the documents the work product of any attorney?

No.

11. Have you discussed the investigation with a United States Attorney's Office or with the Department of Justice? Is the matter under investigation before a grand jury?

The investigation is being overseen by **b6, b7C** an attorney with the Civil Division of the U.S. Department of Justice, Washington, DC.

12. Do you anticipate that the subpoenaed party might refuse to comply with subpoena due to state privacy law, costs associated with producing documents or for any other reason? If so, explain.

No.

13. Are there significant time constraints affecting the issuance of the subpoena? If so, explain fully.

No.

14. Are there any other issues affecting the subpoena (i.e., parallel inquiries/investigations, media interest.)

We anticipate media interest when the qui tam is unsealed.



**United States Department of Education
OFFICE OF INSPECTOR GENERAL**



MEMORANDUM

Date: December 12, 2006

TO: SA **b6, b7C**

FROM: **b6, b7C**
Assistant Counsel to the Inspector General

SUBJECT: Request for Issuance of Inspector General Subpoena

Please note the following comments regarding your subpoena addressed to: Sallie Mae **b6, b7C** *qui tam*.

1. Contents of subpoena approved without further modification.
 Contents of subpoena should be modified as indicated on attached copy of subpoena prior to service. *see email*
2. The following additional documents should accompany the subpoena:
 - Cover letter.
 - Subpoena recipient Declaration of Compliance.
 - FOIA Notice to Submitters of Confidential Commercial Information.
 - Privacy Act Notice.
3. It appears that the subpoena may seek customer records covered by the Right to Financial Privacy Act ("RFPA"); accordingly:
 - You are required to give notice to the customer, and the records may only be obtained from the financial institution after the customer's right to challenge has been waived or a court has rejected any such challenge. Thereafter, a certificate of compliance with the RFPA should be provided to the financial institution prior to production.
 - Notice to the customer is not required pursuant to the following exemption: _____
 A Certificate of Compliance with the RFPA should be attached to the subpoena.

*** As soon as possible, provide a copy of the finalized signed subpoena to Counsel's Office.**

**SALLIE MAE
ATTACHMENT B**

DECEMBER 12, 2006

All personnel records for the following employees of Student Assistance Corporation including but not limited to applications for employment, evaluations, records of awards, salary adjustments, counseling memoranda, disciplinary or termination actions, and end of employment agreements from July 1, 2002 through September 30, 2005:

1. **b6, b7C**

2. **b6, b7C**

3. **b6, b7C**

4. **b6, b7C**

5. **b6, b7C**

6. **b6, b7C**

7. **b6, b7C**

8. **b6, b7C**

9. **b6, b7C**

10. **b6, b7C**

11. **b6, b7C**

12. **b6, b7C**

13. **b6, b7C**

20. b6, b7C

19. b6, b7C

18. b6, b7C

17. b6, b7C

16. b6, b7C

15. b6, b7C

14. b6, b7C



United States Department of Education
OFFICE OF INSPECTOR GENERAL



FACSIMILE TRANSMISSION COVER SHEET

DATE: 12/12/06
 TO: [REDACTED]
 FAX NO: 312 353 0244

FROM: [REDACTED]
 Assistant Counsel to the Inspector General

VOICE NO: [REDACTED] FAX NO. (202) 245-7039

NUMBER OF PAGES INCLUDING COVER SHEET: 4

RE: Sally Mae / [REDACTED]

COMMENTS:

IMPORTANT NOTICE: This facsimile transmission is intended only for the use of the individual or entity to which it is addressed and may contain information that is PRIVILEGED, CONFIDENTIAL OR EXEMPT FROM DISCLOSURE under applicable law. If the reader of this message is not the intended recipient, or employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately and return the original message to us at the address listed below via the United States Post Office.



United States Department of Education
OFFICE OF INSPECTOR GENERAL



December 13, 2006

Mr. Eric D. Reicin
Vice President & Associate General Counsel
Sallie Mae, Inc.
12061 Bluemont Way
Reston, VA 20190

Dear Mr. Reicin:

Pursuant to 5 U.S.C. app. 3, sections 4, 6(a)(4), the enclosed subpoena duces tecum has been issued by the Office of Inspector General of the United States Department of Education. The materials identified should be produced as indicated on the subpoena.

This subpoena may be satisfied by mailing the requested documents and a signed copy of the attached Declaration of Compliance to the address listed on the subpoena on or before the specified date.

With regard to items subpoenaed in June 2006 and held in abeyance, I am requesting compliance with items numbered 6 and 8 for only those individuals listed in Attachment B in this current subpoena. I am also requesting compliance with items numbered 9 and 11 from the items subpoenaed in June 2006 and held in abeyance. Attached to this subpoena is a copy of Attachment B from the June 2006 subpoena.

Failure to provide the requested documents at the time specified in the subpoena will be taken by this office as a failure to comply with the subpoena, and we will exercise our legal right to seek judicial enforcement.

It will be helpful in determining whether you have fully complied with this subpoena if the responsive materials are accompanied by an index of the documents produced. If for any reason any of the required materials are not furnished, list and indicate the location of such materials and the reason for nonproduction. In addition, if any document called for is withheld because of a claim of attorney-client privilege, identify: (a) the attorney and client involved; (b) all persons or entities who were involved in the preparation of the document; (c) all persons or entities who received the document; (d) all persons or entities known to have been furnished the document or informed of its substance; (e) the date of the document; and (f) the subject matter of the document.

Attached to the subpoena is a Notice to Submitters of Confidential Commercial Information.

Thank you for your assistance.

Sincerely,

b6, b7C

Christopher J. Fox
Special Agent in Charge



United States Department of Education
OFFICE OF INSPECTOR GENERAL



**NOTIFICATION TO SUBMITTERS OF
CONFIDENTIAL
COMMERCIAL INFORMATION**

You have or may be asked to submit to the Office of Inspector General (OIG), U.S. Department of Education, information in connection with an investigation, audit, inspection or other inquiry pursuant to the Inspector General Act of 1978, as amended, 5 U.S.C. app. 3, sec. 1 et seq. This is to notify you that if you deem any of this information to be "confidential commercial information," you may take steps to so designate that information to protect its confidentiality if at a future point in time a request is made for disclosure of this information under the Freedom of Information Act (FOIA).

"Confidential commercial information" means records that may contain material exempt from release under Exemption 4 of the FOIA (pertaining to trade secrets and commercial or financial information that is privileged or confidential), because disclosure could reasonably be expected to cause substantial competitive harm.

You may use any reasonable method you believe appropriate and which is acceptable to the OIG to indicate which documents and information you deem to fall into the category of confidential commercial information. Please be as specific as possible in segregating the information that you consider to be "confidential commercial information" from any other information you are providing to the OIG. This may be done before such information is provided to the OIG if feasible, but only if it will not delay or interfere with production of the information or delay or interfere with the OIG's investigation, audit, inspection or other inquiry. Otherwise, you may so designate this information within a reasonable period of time after the information is provided to the OIG.

If an FOIA request is received by the OIG for information you have designated as confidential commercial information, the OIG is nevertheless required by law to make its own independent determination of whether the FOIA requires disclosure of the information or whether it should be withheld pursuant to Exemption (b)(4) or any other exemption of the FOIA. If the OIG determines that it may be required to disclose pursuant to the FOIA that information you have designated or other information that the OIG has reason to believe could reasonably be expected to cause substantial competitive harm, to the extent permitted by law, we will make a good faith effort to notify you and provide you with a reasonable opportunity to object to such disclosure and to state all grounds upon which you oppose disclosure. We will give careful consideration to all specified grounds for nondisclosure prior to making our final decision.

If we nonetheless believe that disclosure is required, we will provide you with a statement explaining why your objections were not sustained and specifying a disclosure date. To the extent permitted by law, this statement will be provided to you in a reasonable number of days prior to the specified disclosure date. Furthermore, if disclosure of the designated information is denied pursuant to an exemption under the FOIA and an administrative or judicial appeal is taken by the FOIA requester, we will make a good faith effort to notify you promptly.

The procedures outlined in this notice are intended only to improve the internal management of the OIG and are not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.

DECLARATION OF COMPLIANCE WITH SUBPOENA

I, _____, having knowledge of the facts and circumstances relating to the production of documents in response to the subpoena duces tecum issued by the United States Department of Education, Office of Inspector General, to Sallie Mae, Inc., dated December 11, 2006, do hereby declare that all of the records commanded by the subpoena have been produced to the Office of Inspector General, and that the records provided are complete, authentic, and in full compliance with the subpoena and that no document required by the subpoena has been destroyed or altered since receipt of the subpoena. Any records required by the subpoena that have been withheld from production under a claim of privilege or otherwise have been identified on a separate document attached hereto and incorporated herein, along with the reason(s) for withholding the records.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Executed on this ___ day of _____, 20__.

By: _____
(Signature)

(Name)

(Title)

(Organization)



United States Department of Education
OFFICE OF INSPECTOR GENERAL



SUBPOENA DUCES TECUM

TO: Mr. Eric D. Reicin
Vice President & Associate General Counsel
Sallie Mae, Inc.
12061 Bluemont Way
Reston, VA 20190

YOU ARE HEREBY COMMANDED TO APPEAR BEFORE Special Agent **b6, b7C** a duly authorized representative of the Office of Inspector General, U.S. Department of Education, by the 19th day of January, 2007, and produce certain documentary evidence specified below which is necessary in the performance of the responsibility of the Inspector General to conduct and supervise investigations, audits, and perform such other functions as are necessary to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud, waste, and abuse in and relating to, the programs and operations of the U.S. Department of Education.

YOU ARE FURTHER COMMANDED to bring with you and produce and provide at said time and place the following:

Records of the Student Assistance Corporation, see Attachment B.

Please direct all inquires about this subpoena to:

PRIOR TO JANUARY 15, 2007:

Special Agent **b6, b7C**
U.S. Department of Education
Office of Inspector General
111 N. Canal Street
Room 940
Chicago, IL 60606
b6, b7C

JANUARY 15, 2007 AND AFTER:

Special Agent **b6, b7C**
U.S. Department of Education
Office of Inspector General
500 West Madison Street
Room 1414
Chicago, IL 60611
b6, b7C

**ISSUED UNDER THE AUTHORITY OF THE INSPECTOR GENERAL ACT, TITLE 5
U.S.C. APP. 3, SECTIONS 4, 6(a)(4).**

OFFICE OF INSPECTOR GENERAL

b6, b7C

Christopher J. Fox
Special Agent in Charge

Date:

12/13/2006



United States Department of Education
OFFICE OF INSPECTOR GENERAL



RETURN OF SERVICE
(PERSONAL SERVICE)

I hereby certify that on _____, 20__, I personally served this SUBPOENA DUCES TECUM on _____ by handing him/her a true copy hereof.

(Signature of person making return)

Name and Official Title

Date

RETURN OF SERVICE
(SERVICE BY MAIL)

I hereby certify that on December 13, 2006, I served this SUBPOENA DUCES TECUM on ERIC REICIN, SALLIE MAE, by causing to be mailed, postage prepaid, return receipt requested, a true copy hereof addressed to

MR. ERIC REICIN
SALLIE MAE, INC.
12061 BLUEMOUNT WAY
RESTON, VA 20190

b6, b7C

(Signature of person making return)

b6, b7C

SPECIAL AGENT

Name and Official Title

12/13/06

Date

**SALLIE MAE
ATTACHMENT A**

INSTRUCTIONS

The following instructions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Relevant Time Period. Unless otherwise specified, the scope of this subpoena includes all documents concerning the period from July 1, 2002 through September 30, 2005.
- B. Duty To Supplement. The obligations created by this subpoena are continuing, and you shall supplement your responses if you locate additional responsive documents in your possession.
- C. You shall produce the specified materials to the Department of Education, Office of the Inspector General as they are kept in the usual course of business or you shall organize and label them to correspond to the categories in this subpoena duces tecum.

DEFINITIONS

The following definitions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Sallie Mae. The term "Sallie Mae" refers to the SLM Corporation, headquartered in Reston, Virginia, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
- B. SAC Las Vegas. The term "SAC Las Vegas" refers to the Student Assistance Corporation, a subsidiary of SLM Corporation, located in Las Vegas, Nevada, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
- C. SAC Indiana. The term "SAC Indiana" refers to the Student Assistance Corporation, a subsidiary of SLM Corporation, located in the State of Indiana, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.

- D. Concerning. The term "concerning" means referring to, describing, evidencing, or constituting.
- E. Document. The term "document" refers to correspondence, agreements, memoranda, notes, electronic mailings, calendar and diary entries, memoranda of conversations and of meetings, studies, reports, offers, inquiries, bulletins, summaries, newsletters, compilations, maps, charts, graphs, photographs, film, microfilm, articles, announcements, books, books of account, ledgers, vouchers, canceled checks, invoices, bills, opinions, certificates, and all other tangible things upon which any handwriting, typing, printing, drawing, representation, magnetic or electrical impulses, or other form of communication is recorded, including audio and video recordings and computer-stored information.
- F. Person. The term "person" is defined as any natural person or any business, legal, or governmental entity or association.
- G. Possession. The term "possession" denotes actual or constructive possession. For example, a document is in your possession if it is within the your custody or control, if you have a legal or equitable right to obtain such document from another person, or if it is in the possession of any present or former officer, director, employee, partner, corporate parent, subsidiary, or affiliate thereof.
- H. And/Or. The terms "and" and "or" are used interchangeably herein, operating both as conjunctive and disjunctive conjunctions. The singular and plural forms of nouns and pronouns are likewise used interchangeably herein.
- I. Refer. "Refer" means to discuss, report on, review, consider, evaluate, or explain by direct mention of the subject matter of the request.
- J. Relate. "Relate" means to comprise, explicitly or implicitly, refer to, be reviewed in conjunction with, or be generated as a result of the subject matter of the request, or to reflect, record, memorialize, discuss, evaluate, consider, review or report on the subject matter of the request.

**SALLIE MAE
ATTACHMENT B**

DECEMBER 12, 2006

1. All personnel records for the following employees of Student Assistance Corporation including but not limited to applications for employment, evaluations, records of awards, salary adjustments, counseling memoranda, disciplinary or termination actions, and end of employment agreements from July 1, 2002 through September 30, 2005.

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

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b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

b6, b7C

**SALLIE MAE
ATTACHMENT B**

June 28, 2006

1. Electronic records that identify by name and Social Security Number all student loan borrowers who received verbal forbearances granted by SAC Las Vegas from November 2002 through September 2005, the lender and guarantor of the underlying loans, the date or dates of the verbal forbearance(s), and the SAC employee responsible for each verbal forbearance.
2. Entire CLASS system loan history of borrowers who received a verbal forbearance from a SAC Las Vegas representative from November 2002 through September 2005 in electronic format.
3. Electronic Borrower Pursuit System (BPS) records of all borrowers who received a verbal forbearance from a SAC Las Vegas representative from November 2002 through September 2005 in electronic format.
4. All email notifications by SAC Las Vegas to USAF, SLMA or SAC, Indiana, of verbal forbearances granted for borrowers from November 2002 through September 2005, active or archived, as well as company policies on the retention or destruction of emails.
5. Documents identifying all default aversion specialists/associates and supervisors employed by SAC Las Vegas from July 2002 through September 2005, including their position, dates of employments, Social Security Number, address, and telephone number. (In lieu of all responsive documents, a listing containing the requested information may be provided.)
6. Time and attendance records for all default aversion specialists/associates employed by SAC Las Vegas from July 2002 through September 2005.
7. Monthly records of defaults averted by each SAC Las Vegas team and employee from July 2002 through September 2005.
8. Records of all bonuses, awards, or recognitions received by SAC Las Vegas default aversion specialists/associates and supervisors from July 2002 through September 2005.
9. All SAC quality control reports concerning default aversion performed by SAC Las Vegas from July 2002 through September 2005.
10. Documents relating to all employment actions including terminations, suspensions, or reprimands against SAC Las Vegas default aversion specialists/associates and supervisors and related SAC quality control audio recordings from July 2002 through September 2005.
11. All independent audits of SAC from July 2002 through September 2005.
12. Records of all default aversion fees paid by the United States Department of Education to USAF from July 2002 through September 2005.

13. Records of all default aversion fees paid by USAF to SAC from July 2002 through September 2005.

From: Origin ID: (312)886-6503
b6, b7C
US DEPARTMENT OF EDUCATION - OIG
111 North Canal Street
Suite 940
Chicago, IL 60606



CLS100306/19/23

Ship Date: 13DEC06
ActWgt: 1 LB
System#: 3728273/INET2500
Account#: S *****

REF:



Delivery Address Bar Code

SHIP TO: (703)984-5528

BILL THIRD PARTY

Mr. Eric Reicin
Sallie Mae, Inc.
12061 Bluemont Way

Reston, VA 20190

STANDARD OVERNIGHT

THU

Deliver By:
14DEC06

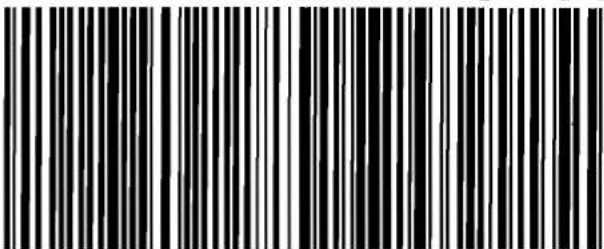
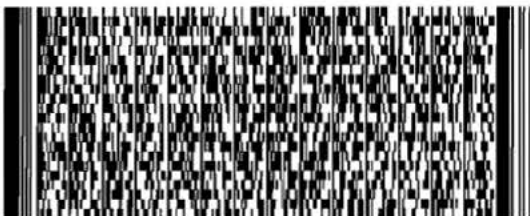
TRK# 7928 9929 9844

FORM
0201

IAD A1

20190 -VA-US

ND BCBA



Shipping Label: Your shipment is complete

1. Use the 'Print' feature from your browser to send this page to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE INTERVIEWED: March 13, 2006
PERSON INTERVIEWED: b6, b7C
INTERVIEWED BY: Special Agents b6, b7C and b6, b7C
LOCATION: (b)(6), (b)(7)(C)
(b)(6), (b)(7)(C)
REFERENCE: Qui Tam-b6, b7C
CASE NUMBER: 06-050116

03/15/2006, ED/OIG Special Agents b6, b7C and b6, b7C interviewed b6, b7C (b)(6), (b)(7)(C), at her residence (b)(6), (b)(7)(C) b6, b7C was advised of the official identity of the interviewing agents and the nature of the interview. b6, b7C stated the following:

She worked at Sallie Mae as a b6, b7C for almost four years before she quit in July 2005. b6, b7C worked on the High Balance Team (HBT). The HBT handled loan accounts with \$25,000 or more. Sallie Mae had about seven collection teams. b6, b7C stated that the collectors had a couple of payment options to offer to the students, such as, deferment, or forbearance.

b6, b7C identified some of her HBT co-workers: b6, b7C b6, b7C further identified HBT collectors that were cheating on verbal forbearances in order to get bonus money. In fact, she believed that the whole team cheated. b6, b7C and b6, b7C received the majority of the complaints for cheating. She never cheated on any verbal forbearance. b6, b7C stated that all the collectors, including her supervisor(s) b6, b7C, & b6, b7C were aware that collectors were cheating on verbal forbearance.

The main goal was to make money – everyone was involved in trying to meet the team goals in order to then get into the bonus money. The bonuses ranged from \$250 to \$1,000 per person. b6, b7C stated that in a span of three months - Sallie Mae processed 60 M to 80 M in loans. The quota system goals are set by USAF or bosses.

Date Prepared: March 20, 2006

S/A b6, b7C

Case No: 06-050116

This report is the property of the Office of Investigation Services and is loaned to your agency; it and its contents may not be reproduced without written permission. The report is FOR OFFICIAL USE ONLY and its disclosure to unauthorized persons is prohibited. Public availability to be determined by 5 U.S.C. 552.

b6, b7C stated that Sallie Mae's phone system had an auto dialer feature that assigned in-coming calls to a collector. Sallie Mae also has a Borrower Pursuit System that was used to help them locate the borrowers. b6, b7C stated that the environment at the office was pressure-filled because everyone wanted to meet his or her goals. b6, b7C suggested that a copy of the collectors phone dialogue might be a good place to start in order to find out who is telling the truth.

b6, b7C stated that her numbers were towards the bottom of the HBT. She was not a top producer.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE : March 14, 2006

PERSON INTERVIEWED : b6, b7C
b6, b7C

INTERVIEWED BY : SA b6, b7C
SA b6, b7C

LOCATION : b6, b7C

REFERENCE : Student Assistance Corporation

CASE NUMBER : 06-050116

1. On Tuesday, March 14, 2006, from approximately 11:50 a.m. until 12:30 p.m., Special Agents b6, b7C and b6, b7C interviewed b6, b7C residence in b6, b7C. The agents identified themselves, presented their official credentials, and stated that the purpose of the interview was to discuss b6, b7C employment with Student Assistance Corporation (SAC). b6, b7C agreed to speak with the agents and stated in essence the following:
2. b6, b7C responded to a newspaper ad and was hired by SAC to work in a department known as "the dark side." The department was responsible for attempting to collect on student loans that had been in default for over 20 years. The department closed in March 2002 and b6, b7C was moved to default aversion.
3. As a default aversion specialist (DAS), b6, b7C duties consisted primarily of talking with borrowers who were behind in their payments. b6, b7C sat a computer terminal that was linked to an autodialer. After the autodialer dialed an account, b6, b7C was connected to the telephone line and the borrower's information simultaneously appeared on her computer screen. Once b6, b7C contacted a borrower, she would try and determine why s/he was behind in making payments and either get a promise to pay, or grant the borrower a deferment or forbearance if s/he qualified. b6, b7C also manually dialed accounts using lists that contained borrower names and Social Security numbers.

Date: 3/20/06

S/A: b6, b7

Case #: 06-050116

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4. b6, b7C stated there were lots of problems with “cheating.” With regard to verbal forbearances, DASs would talk to an unauthorized relative or just let the line go “dead” and issue a verbal forbearance while noting that the borrower had agreed. b6, b7C said she knew this practice was going on, but could not recall any first hand knowledge of specific instances where it happened. b6, b7C told one of the managers, b6, b7C, that verbal forbearances were a bad idea and SAC should not be doing them, but nothing changed. b6, b7C said that cheating associated with verbal forbearances was “rampant.”
5. b6, b7C said there was another form of cheating involving faxes. DASs would forge borrowers signatures on deferment and forbearance paperwork and fax in the paperwork as if it came from the borrower. b6, b7C used to carry around a folder that contained fraudulent deferments and forbearances. b6, b7C had somebody pretend to be the borrower and fax the paperwork to SAC. SAC found out about it and fired b6, b7C. Then a special fax team was created to handle all of the incoming faxes and that team was headed by b6, b7C (SP?).
6. Cheating also occurred with deferments. DASs had access to an online clearing house where they could determine if a borrower was currently enrolled in school. DASs would then log into Sallie Mae Corporation’s (SLM) system as if they were the borrower and sign up for inschool deferments. DASs received credit for these fraudulent deferments because the system should that the loans were cured.
7. There was also cheating with regard to bonus incentives involving “speed pay,” or automatic payments from borrower’s checking accounts. DASs would input bogus account information for a borrower and indicate that the borrower had signed up for speed pay in order to get credit for curing the loan. Subsequently, DASs would go back into the system and delete the speed pay information after the bonuses were awarded.
8. b6, b7C worked 12 to 13 hours per day and made her numbers because she worked hard. Others accused b6, b7C of cheating to make her numbers and b6, b7C described the work environment as hostile. After moving to b6, b7C team in September or October 2004, b6, b7C felt pressure, but did not succumb, to participate in the socializing that occurred among team members.
9. b6, b7C thought that the various bonus incentives created pressure that may have led some to cheat. b6, b7C did not think it was right that more than one DAS could get credit for the same loan by obtaining an additional promise to pay, deferment or forbearance. b6, b7C said her company e-mail account might have evidence of cheating because she sent e-mails notifying management of instances involving individuals or particular circumstances that she suspected as involving cheating. b6, b7C left SAC on disability on July 26, 2005.
10. b6, b7C provided the following information about individuals employed by SAC:
 - b6, b7C – told b6, b7C that she was fired because of cheating with verbal forbearances.

- b6, b7C and b6, b7C (last name began with a b6, b7C) - were fired for cheating.
- b6, b7C, and b6, b7C – cheated with verbal forbearances.
- b6, b7C – ran a high balance team and left after mandatory drug testing was implemented.
- b6, b7C – currently employed as a supervisor and things are not right on her team.
- b6, b7C who b6, b7C told whenever she came across problems with bad promises to pay.
- b6, b7C – was a member of b6, b7C team thought to have engaged in cheating when borrowers were not on the phone.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE : March 14, 2006

PERSON INTERVIEWED : b6, b7C
[REDACTED]

INTERVIEWED BY : SA b6, b7C
SA b6, b7C

LOCATION : b6, b7C
[REDACTED]

REFERENCE : Student Assistance Corporation

CASE NUMBER : 06-050116

1. On Tuesday, March 14, 2006, from approximately 9:30 a.m. until 10:25 a.m., Special Agents b6, b7C and b6, b7C interviewed b6, b7C residence in b6, b7C. The agents identified themselves, presented their official credentials, and stated that the purpose of the interview was to discuss b6, b7C's employment with the Student Assistance Corporation (SAC). b6, b7C agreed to discuss the matter and stated in essence the following:
2. b6, b7C first heard about SAC at a job fair in 2000. b6, b7C was coming off of 36 months of COBRA and needed health benefits. b6, b7C applied for and was hired as a default aversion specialist with SAC and was initially paid \$9.13 per hour. b6, b7C worked 1 day for United Student Aid Funds (USAF), but they were bought out by the Sallie Mae Corporation (SLM) and then she worked for SLM.
3. b6, b7C job duties consisted of contacting borrowers who were 90 days delinquent on their student loans. b6, b7C gave the delinquent borrowers advice on how to bring their loans current. Depending on the individual's circumstances, b6, b7C would try to get the borrower to make a payment or grant a deferment or forbearance to those who qualified. b6, b7C stated that at first she could only speak to the borrower, but SAC was constantly increasing the number of people she could speak with, i.e. a parent or spouse.

Date: 3/20/06

S/A: b6, b7

Case #: 06-050116

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4. b6, b7C said she did well at her job because she did not care about making her numbers. She was older and had put 2 kids through college and therefore understood the financial aid process and how student loans worked. She also possessed a degree in finance, and that background gave her the necessary skills and credibility to succeed in curing delinquent loans. b6, b7C completed the management track program, but never became a manager.
5. b6, b7C described a practice at SAC that she referred to as “cheating.” Cheating was when a default aversion specialist (DAS) granted a forbearance to a delinquent borrower without actually contacting the borrower or obtaining his/her consent. DASs would stay on a “dead” line and pretend to speak with the borrower, or would speak with an unauthorized individual who answered the phone and subsequently grant a verbal forbearance. b6, b7C knew this happened because she could overhear the telephone conversations of DASs. b6, b7C did not cheat because she did not care that much about her numbers; that is how many loans she cured.
6. In addition to the cheating described above in paragraph 5, which related to calls made using an automatic dialer, cheating also took place when DASs manually dialed numbers using lists. Managers supplied DASs with lists that contained borrowers’ names and Social Security numbers (SSN). The lists containing the same names and SSNs were distributed to each team member who was working a particular shift. DASs would manually pull up a borrower’s account in the computer from the list and attempt to cure that borrower’s loan by contacting them manually. b6, b7C said that sometimes she would pull up an account only to find that somebody else on her team had already cured the loan by granting a verbal forbearance. Evidence of cheating existed when the account history reflected a series of failed attempts to contact the borrower—i.e. bad phone numbers or the borrower was no longer residing there—and then miraculously a DAS granted a verbal forbearance to the borrower at the same bad contact number. b6, b7C personally pulled up borrowers’ accounts and discovered that forbearances had been granted at bad contact numbers.
7. The policy at SAC was that DASs were audited 3 times per month. The quality department is currently headed by b6, b7C. Each time that b6, b7C found an issue with a cured loan she produced a quality report that was provided to management. b6, b7C believes those reports are still at SAC. b6, b7C was previously employed in the quality department, but he is no longer there.
8. b6, b7C thought several factors contributed to the cheating that took place at SAC. One such factor was the bonus structure. Bonuses were given to DASs based upon their overall performance. In addition, team leaders received bonuses based upon the performance of the entire team. Therefore, b6, b7C thought an incentive existed for both individual DASs to cheat and for team leaders to “look the other way” in order to ensure that they received their personal bonuses. Another factor that contributed to cheating was the pressure that existed for individual DASs to make their numbers. In order to keep their jobs, DASs were required to cure a specific dollar amount of loans per month. An

additional factor was the quality of employees, which went downhill because SAC did not pay a lot of money.

9. b6, b7C usually began her shift at 5 a.m. On occasion, she would arrive early at about 4:40 a.m. and people were already at their computers and the fax machine. b6, b7C interpreted this as an additional sign of cheating—why would anybody need to be there at 4:40 a.m. b6, b7C said she could not recall which individuals were there because SAC changed the seating arrangements monthly.

10. b6, b7C left SAC in July 2005 on disability for health reasons. b6, b7C said the pressure associated with the job affected her health and caused her to have high blood pressure. b6, b7C experienced additional problems with her eyesight and her ears. There was a lot of pressure to be in attendance on the job and the company did not have a sick leave policy, only paid time off. Employees earned paid time off depending upon their length of service. Accordingly, b6, b7C often came to work when she was not feeling 100 percent and ended up with a lot of minor ailments that she blames on poor ventilation and working when she was feeling rundown. b6, b7C is technically still on disability leave and is fighting for long-term benefits.

11. b6, b7C provided the following information about other SAC employees:

- b6, b7C (SP?) – was b6, b7C supervisor when she left. He was one of the “fair ones.”
- b6, b7C – sat at her desk all of the time and was a hard worker. b6, b7C left on a (b)(6), (b)(7)(C).
- b6, b7C – Still works there on a part-time basis.
- b6, b7C (SP?) died of cancer.
- b6, b7C – “caught on quickly” and her numbers went up.
- b6, b7C – was the number 1 person for 2 years, and then she walked out.
- b6, b7C – was one of b6, b7C peers who was given the job of verifying that DASs were doing their job. b6, b7C was yelled at by management because she was not listening to enough telephone calls—something b6, b7C attributed to a (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) that prevented b6, b7C from physically walking quickly enough to listen in on calls.
- b6, b7C is the current team leader of b6, b7C team. b6, b7C did not suspect him of cheating.
- b6, b7C – always sat at her desk working. Management burned her out and she subsequently resigned and moved to Washington. Her telephone number is b6, b7C b6, b7C
- b6, b7C – always worked hard and did his job.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE INTERVIEWED: March 14, 2006
PERSON INTERVIEWED: b6, b7C
INTERVIEWED BY: Special Agents b6, b7C and b6, b7C
LOCATION: McDonald's Restaurant
3010 N. Las Vegas Blvd
North Las Vegas, NV 89030
REFERENCE: Qui Tam- b6, b7C
COMPLAINT NUMBER:

On March 14, 2006, Special Agents b6, b7C and b6, b7C .S. Department of Education, Office of Inspector General, interviewed b6, b7C at a McDonald's restaurant located at 3010 N. Las Vegas Blvd, Las Vegas, NV. b6, b7C was advised of the official identity of the interviewing agents and the nature of the interview. b6, b7C voluntarily provided substantially the following information:

b6, b7C worked at Student Assistance Corporation (SAC)/ Sallie Mae for almost a year before she resigned on June 30, 2005 to move to California. Before she terminated her employment at SAC, b6, b7C worked on the High Balance Team (HBT) within Default Prevention for five months from January to June 2005. The HBT handled accounts with \$25,000 or more.

During her employment with Default Prevention, b6, b7C thought her job was to help qualified people deal with their loans through deferments or forbearances. She did not understand why within Default Prevention she also had to try to collect on the loans, which was the responsibility of Collections. Because of this, she felt many of the accounts should not have been under Default Prevention.

b6, b7C suspected cheating within the HBT on verbal forbearances, but she could not detail how other members of the HBT cheated on their collections amount. b6, b7C stated she never cheated on any verbal forbearances. She stated false verbal forbearances were the easiest way to cheat. The HBT members needed only to send an email with the person's social security number and a date to SAC Indy to be credited with verbal forbearances.

Date Prepared: March 20, 2006

S/A b6, b7C

Complaint No: Qui Tam- b6, b7C

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There was an incentive to cheat because HBT members were awarded bonuses based on their performances. The top three individual performers with the most collection amount would receive a bonus. In addition to the individual bonuses, the whole HBT received a bonus of \$250 to \$500 when they reached its goal.

b6, b7C named the following people as members of the HBT: b6, b7C
b6, b7C
b6, b7C . Among these people, b6, b7C
and b6, b7C received the majority of the complaints for cheating. The HBT team leaders were b6, b7C and b6, b7C

Before May 2005, there were no controls at SAC in place to address verbal forbearances. Besides giving a general verbal warning to stop cheating during team meetings, team leaders and management did little to address the issue. After May 2005, SAC implemented the following changes to address verbal forbearances. SAC had team leaders personally verify over the phone with the person that he/she requested the forbearance before team members were credited with the collection amount. Also, team members could no longer send emails to SAC Indy without prior approval from their team leader.

The system used to document forbearances at SAC was BPS, but b6, b7C did not know what BPS stood for. b6, b7C stated all forbearances were not documented in BPS.

b6, b7C stated she was not surprised to see the government conducting an investigation because she suspected SAC of trying to cover up their tracks.

b6, b7C provided the following identifying information:

b6, b7C
[Redacted]



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE INTERVIEWED: March 15, 2006
PERSON INTERVIEWED: b6, b7C
INTERVIEWED BY: Special Agent b6, b7C
Special Agent b6, b7C
LOCATION: b6, b7C
b6, b7C
REFERENCE: Student Assistance Corporation
Sallie Mae
CASE NUMBER: 06-050116

On Wednesday March 15, 2006 at 4:30 p.m. Special Agents b6, b7C and b6, b7C conducted an interview of b6, b7C at her residence. The interview had been previously arranged with b6, b7C. The agents identified themselves to b6, b7C with their official credentials and explained the nature of the interview, that being b6, b7C employment at the Student Assistance Corporation (SAC). b6, b7C agreed to speak to the agents and stated, in essence, the following:

b6, b7C is a college graduate with a degree in journalism from the University of Texas El Paso. In 2004 b6, b7C was a stay at home mother but was looking for full-time employment somewhere close to her home. b6, b7C became aware of a job opportunity at the SAC through the website careerbuilder.com. The SAC office was very close to b6, b7C home. b6, b7C applied for a job at SAC in September 2004. A SAC representative contacted b6, b7C for an interview and b6, b7C was interviewed by b6, b7C. In October 2004 b6, b7C was offered the position of Default Prevention Specialist. b6, b7C accepted the position primarily because SAC was close to her home. b6, b7C starting salary was \$9.13 an hour. b6, b7C first supervisor was b6, b7C who retired soon after b6, b7C started. b6, b7C was then b6, b7C supervisor. b6, b7C had prior sales experience but no experience in debt collection. b6, b7C worked full time, 6:00 a.m. to 4:00 p.m., from October 2004 until June 2005. From June 2005 to October 2005 b6, b7C worked part-time, from 4:00 p.m. until 8:00 p.m. b6, b7C worked full time while her children were in school and part time while they were on summer break. While b6, b7C worked part-time b6, b7C was b6, b7C supervisor.

Date Prepared: 3/3/2006

S/A b6, b7C

Case No: 06-050116

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As a default prevention specialist b6, b7C was required to speak to student loan borrowers who were 60 to 90 days delinquent in the repayment of their student loans. b6, b7C was required to get the borrowers to make their loan debts current through payment, deferment, or forbearance. b6, b7C was connected to an auto-dialer system that automatically dialed the telephone number of delinquent borrowers. While the system dialed a telephone number a computer screen in front of b6, b7C displayed the borrower's loan activity and collection history. If a borrower answered the telephone b6, b7C had a script that she read to the borrower. b6, b7C was supplied the script during a two-week training session she attended after she was hired by SAC. b6, b7C would initially try to get the borrower to make a payment on the delinquent loans. If the borrower was unable to make a payment b6, b7C would question the borrower to see if the borrower was eligible for an in-school or medical deferment. If the borrower was not eligible for a deferment the last option was forbearance. Forbearances could be granted for up to one year for a maximum of five years. b6, b7C would calculate the cost of the forbearance to the borrower and explain that the interest accrued during the time of the forbearance would be capitalized into the loan if the interest was not paid during the forbearance time period. The amount of the capitalized interest increased as the length of the forbearance increased. The borrower had to agree to the forbearance over the telephone. If the borrower agreed to accept the forbearance no further paperwork was needed from the borrower. If the borrower was delinquent 350 days or more, the borrower had to complete a paper forbearance form and mail it to SAC. If a borrower agreed to a forbearance b6, b7C noted the forbearance on the Borrower Pursuit System (BPS) computer screen. b6, b7C also had access to Sallie Mae's CLASS borrower tracking system. b6, b7C stated that she was allowed to get verbal forbearances only for Sallie Mae loan holders. For borrowers who held loans from lenders other than Sallie Mae b6, b7C had to receive paper forbearance request forms from the borrowers or b6, b7C had to get a representative from the lender on the telephone call with the borrower to get a verbal forbearance. Each lender set its own rules for when and how forbearances could be granted.

If a borrower had used all of the five years of forbearance b6, b7C was required to establish an automatic payment plan with the borrower. The automatic payment came from the borrower's checking or savings account. b6, b7C could provide a 30 to 45 day "discretionary" forbearance for the borrower while the automatic payment was established. A borrower could also establish an automatic payment through Sallie Mae's website.

b6, b7C thought that putting borrowers into forbearance was bad for the borrowers because it increased the amount of their debt. b6, b7C experience with Sallie Mae student loan borrowers was that most were poor and unable to make the smallest monthly payments. b6, b7C thought that the increased loan principal added through the capitalized interest during forbearance made the loan balances so high the borrowers could never repay their loans. b6, b7C resigned from SAC in October 2005 because she thought what SAC was doing to the borrowers was morally wrong, and b6, b7C did not feel she was helping any of the borrowers. b6, b7C thought that there was no difference between SAC and Sallie Mae, that the two companies were one in the same even though Sallie Mae, the lender, owned SAC, the collector. b6, b7C thought that the set-up of SAC and Sallie Mae was a "back-handed" way of cheating money from the taxpayers through the federal Department of Education. b6, b7C did not think Sallie Mae was in the business of helping

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student loan borrowers, but was in fact putting the poor and weak in a worse situation than if they had not attended school or received student loans in the first place. Many of the borrowers b6, b7C spoke to did not complete their college courses but were responsible for large amounts of student loan debt. b6, b7C did not think it was proper for SAC to be able to offer delinquent borrowers forbearances multiple times until the five-year limit was reached. By the time the borrowers reached the five-year limit their loan balances were very high and the borrowers would never be able to repay the loans. b6, b7C knew that if a borrower had reached the five-year forbearance limit, and then defaulted, Sallie Mae would offer a consolidation loan and the entire process would start again. The fees to consolidate were large and again added to the cost of the initial loans. When the borrowers did default, the government paid Sallie Mae for the amount of the loans, including all of the capitalized interest. Sallie Mae did not care about the borrowers, only about making the most money they could from the student loans they issued.

While she worked at SAC b6, b7C had heard that collectors were granting verbal forbearances without receiving verbal approval from or even talking to the borrowers. b6, b7C thought that falsifying verbal forbearances would have been easy because there were no checks and balances in place. b6, b7C felt that SAC and Sallie Mae management wanted the money generated from making delinquent student loan borrowers current and they did not care how they got that money. b6, b7C explained that each collector had monthly goals to meet and there was a lot of pressure to meet those goals. A collector could be fired for not making his or her goal. b6, b7C had never been written-up for not achieving her goals, and was always able to meet the goals placed on her. b6, b7C suspected that collectors were falsifying verbal forbearances because of the monthly collection amounts some collectors were claiming to have achieved. b6, b7C noticed that those collectors who worked in the evening, until 8:00 p.m., had unusually high collection amounts. When b6, b7C asked a manager why the evening collectors made so many collections she was told it was because those collectors were able to contact more borrowers in the evening. However, when b6, b7C switched to a part-time evening schedule, 4:00 p.m. to 8:00 p.m., she found that she was able to contact just as many borrowers as she did while working during the day. b6, b7C found that calling borrowers in the evening was generally no more successful than during the day. b6, b7C also thought that the other nighttime collectors did no more work than she did, but some had unusually large collections. b6, b7C thought that the evening collectors were able to falsify more verbal forbearances in the evening because there was little if any supervision during the evening hours and it was easier to “cheat” during that time because the collectors were not being monitored. b6, b7C thought that some of the night crew collected double what was required of them. b6, b7C was not aware of any collector forging borrower signatures on forbearances sent by fax to SAC.

b6, b7C stated that those collectors who had a large increase in their monthly collection totals were most likely to be the collectors falsifying verbal forbearances. b6, b7C thought that a large increase in one collector’s monthly totals would not make any sense unless they were cheating. b6, b7C stated that her monthly totals were always very consistent, she always met her goals, and she had no reason to falsify verbal forbearances. b6, b7C thought that the practice of falsifying verbal forbearances was prevalent throughout SAC. b6, b7C stated that the length of time for a telephone call could be an indicator of a false verbal forbearance. b6, b7C explained that unusually short

telephone calls that resulted in verbal forbearances would not make sense. b6, b7C explained that the collector had control over when to tell the system to move on to the next call, and a collector could manipulate the appearance of a longer telephone call by staying on the line before hitting the "next call" button. b6, b7C did not know when the computer system stopped timing a telephone call. b6, b7C stated that a manager never told b6, b7C how to falsify verbal forbearances, nor did she ever falsify a verbal forbearance herself.

b6, b7C explained that collectors were paid an hourly rate and were given a monthly bonus based on the amount of their monthly collections. b6, b7C received bonuses of \$39 to \$250 per month. Some collectors were receiving monthly bonuses of \$900 to \$1,000 per month. Usually the same collectors received the large bonuses each month. SAC also awarded store gift cards to employees as bonuses. b6, b7C thought that SAC started to hand out gift cards to avoid paying taxes on the bonus money. The only compensation for employees of SAC was the hourly salary and the monthly bonuses. b6, b7C started at SAC making \$9.13 per hour, and had been making \$10.35 per hour when she left SAC.

In June or July 2005 b6, b7C recalled that the management implemented a new rule whereby the collectors had to get a supervisor to verify a verbal forbearance with a borrower on the telephone before it could be completed. b6, b7C did not know why this change took place, but it happened very quickly. It seemed to b6, b7C that SAC was trying to cover something up. The management at SAC never explained why the verification of verbal forbearances had been instituted. b6, b7C had heard rumors that some collectors had been fired for falsifying verbal forbearances.

b6, b7C explained that many collectors could get credit for a default prevention for one borrower each month. For example, if a borrower with \$1,000 in delinquent loans promised to send a payment, the collector who received the promise would get credit for the \$1,000. If seven days later the payment was not received, another collector could get the same promise to pay from the borrower and also received \$1,000 credit. If no payment was received seven days after that another collector could get a verbal forbearance and also receive credit for \$1,000. Because of this b6, b7C thought that the monthly collection totals for the collectors was deceiving.

b6, b7C thought it was wrong that SAC employees such as b6, b7C, who managed the entire SAC Las Vegas collection center, could make \$4 million per year in stock options when poor people were being burdened with additional debt through forbearance. b6, b7C saw the upper management of SAC making millions of dollars of taxpayer money.

b6, b7C telephone number is b6, b7C b6, b7C and her husband are currently selling their home and will be moving to b6, b7C.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE : March 23, 2006

PERSON INTERVIEWED : b6, b7C

INTERVIEWED BY : Special Agent b6, b7C

LOCATION : Telephonic

REFERENCE : SLMA/Student Assistance Corporation

CASE NUMBER : 06-050116

On Thursday March 23, 2006 at 2:17 p.m. Special Agent b6, b7C received a telephone call from b6, b7C. b6, b7C stated that she met fellow Student Assistance Corporation (SAC) employee b6, b7C the previous night. b6, b7C told b6, b7C that Special Agents of the Office of Inspector General for the U.S. Department of Education had interviewed her the previous week. b6, b7C told b6, b7C that the agents would like to speak to her and b6, b7C gave b6, b7C agent b6, b7C telephone number. SA b6, b7C asked b6, b7C if she would be willing to speak about her employment at SAC. b6, b7C stated that she is currently on disability leave from SAC and that she wanted to speak to SA b6, b7C. b6, b7C stated, in essence, the following:

b6, b7C has been on medical disability leave from SAC since February 1, 2006. b6, b7C is scheduled to resume part-time employment at SAC on Monday March 27, 2006, working five hours a day Monday through Friday. b6, b7C was the second of fifty employees hired by SAC when it first opened in 1998. b6, b7C began working at SAC on November 30, 1998. Prior to SAC, b6, b7C worked at Household Finance. Besides b6, b7C there are currently four other of the original fifty employees still employed by SAC. b6, b7C began at SAC as a Default Prevention Associate (DPA), which consisted primarily of contacting delinquent or defaulted student loan borrowers on the telephone and getting them current on their student loan debts. In April 1999 b6, b7C was moved into the Quality Control Department and has been working in the Quality Control Department for the last six years. b6, b7C was b6, b7C supervisor when she moved to Quality Control. b6, b7C worked solely on SAC employee quality control until January 2004. After b6, b7C left SAC, b6, b7C was the only Quality Control employee. This lasted for about one and a half years, until January 2004. In January 2004 manager b6, b7C created a new compliance department separate from SAC.

Date: March 24, 2006

S/A: b6, b7C

Case #: 06-050116

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b6, b7C explained that prior to January 2004, she reported to the operations managers within SAC. b6, b7C saw this as a conflict of interest because b6, b7C was reporting violations to managers who oversaw her activities. b6, b7C created a separate compliance department that reported directly to him and remained independent from SAC operations. b6, b7C stopped doing all of the monitoring of SAC employees in January 2004. b6, b7C took over all SAC employee monitoring in January 2004.

b6, b7C explained that while working in quality control for SAC employees her duties consisted of listening to each employee talk to delinquent borrowers for one hour each month. b6, b7C was in the same room as the DPAs, and had a seat that looked out over the entire room. There were approximately 150 SAC employees during the time that b6, b7C was working quality control for SAC. b6, b7C listened to 300-400 calls per month. b6, b7C would listen to the DPAs speak to borrowers and she would write a report if b6, b7C heard the DPA say or do something outside of the regulations. The telephone calls b6, b7C monitored were also recorded. If b6, b7C had a report about an employee, b6, b7C would meet with the team leader and play the tape-recorded telephone call in question. The team leader would then decide what action, if any, to take against the employee. Because b6, b7C had previously worked as a DPA she knew how the calls were to be made and would could and could not be said to the borrowers or to relatives and friends of the borrowers.

b6, b7C stated that she was concerned about instances of "false documentation," which was a term SAC used to identify when a DPA fabricated promises made by borrowers. Because of her concern b6, b7C created monitoring forms in 1999 that focused on catching instances of false documentation. The form included the time the call started, the time the call stopped and who was contacted. While monitoring DPAs from 1999 through January 2004 b6, b7C heard DPAs fabricating verbal forbearances for delinquent borrowers. b6, b7C recalled specific examples, for instance, a DPA called a borrower and the borrower's baby sitter answered the telephone. The borrower was not home and the DPA never spoke to the borrower, however, the DPA wrote in the computer system that the borrower agreed to a verbal forbearance. b6, b7C thought that she heard DPAs make approximately five false verbal forbearances a month. b6, b7C remembered one month during which she heard twelve false verbal forbearances. b6, b7C stated that there was no follow-up documentation sent to a borrower who accepted a verbal forbearance. Prior to verbal forbearances being accepted, the DPAs mailed or faxed forbearance forms to the borrowers. b6, b7C stated that there were generally three ways for a DPA to falsify a forbearance; by speaking to an unauthorized third party and granting the forbearance, by granting a forbearance even though no one answered the telephone, or to stay on the line even if no one answered the telephone to make it appear on the system that the call was longer than it was. b6, b7C explained that the computer kept timing a call until the DPA hit a "next call" button on their computer and placed another telephone call. If the call appeared to be more than two minutes it was conceivable that a DPA spoke to a borrower and the borrower agreed to a verbal forbearance. b6, b7C recalled instances when she heard borrowers' relatives tell the DPA that the borrower had died, but the DPA entered a verbal forbearance for the borrower. b6, b7C knew that the DPAs could tell when they were being monitored because of an "airy" sound on the telephone.

b6, b7C heard DPAs fabricating forbearances in spite of the fact that they could tell they were being monitored.

b6, b7C stated that there were “red flags” to look for when looking for accounts with false verbal forbearances. For instance, if an account had numerous failed attempts at contact, then there was an entry for a verbal forbearance, b6, b7C would be skeptical if the contact had actually been made. b6, b7C listened to all of the employees equally, she generally did not single any employees out. b6, b7C chose who to monitor on her own, but often a manager or team leader who suspected an employee of falsifying calls asked b6, b7C to monitor that employee, or another DPA would privately ask b6, b7C to monitor a specific employee because he or she was thought to be falsifying telephone calls. b6, b7C knew who were the top DPA performers. b6, b7C attended the monthly awards meeting and frequently saw the same employees getting the awards each month. b6, b7C would hold regular meetings with the entire staff and warn the employees not to “cheat” because she would catch them. b6, b7C recalled that she would listen to some DPAs telephone for an hour and not hear a single call, and later those employees would have high collection numbers for the month. That was suspicious to b6, b7C and she would do additional monitoring on them to see if they were falsifying forbearances. b6, b7C stated that it was sometimes very hard to prove that a DPA was falsifying telephone calls.

b6, b7C was able to review all of the DPA notes written to a borrower’s computer file. b6, b7C saw instances of DPAs claiming credit for a verbal forbearance when another DPA had received a promise from the borrower to send a payment or complete a deferment form. In these instances, all of the DPAs received credit for making the same borrower current on their debt.

b6, b7C stated that when she met with the managers to notify them of an infraction, such as a false verbal forbearance, not all the managers addressed the problem equally. Some took the false forbearances very seriously and fired the DPA. Others, such as b6, b7C b6, b7C never took action against a DPA no matter how convincing the evidence. Manager b6, b7C worked with b6, b7C to find who was falsifying information. The operations managers set the tone for the DPAs as far as what activity was acceptable.

b6, b7C write-ups were not kept by SAC for more than a few weeks before they were shredded. Some employee files may have copies of her write-ups. b6, b7C did keep a computerized log of all the findings she ever made. b6, b7C will try to find that computer file. b6, b7C thought that while she was working for Quality Control at SAC at least 40 DPAs were fired for falsifying information.

b6, b7C thought that the team leaders and the managers knew that the DPAs were making false verbal forbearances. b6, b7C did not know if any DPA was specifically instructed to falsify a forbearance, but the DPAs could figure out how easy it was to falsify a verbal forbearance. b6, b7C did not think that DPAs falsifying forbearances was

rampant, but she did think it was bad enough that the government would have been aware of and looking at the situation a long time ago.

b6, b7C knew that SAC had been audited twice, once by b6, b7C and once by another auditing firm. The auditors had pulled random accounts and found some with false documentation. One account had a telephone call that lasted 12 seconds but resulted in a promise, which would have been impossible as the mandatory preamble given by the DPA lasted much longer than 12 seconds.

b6, b7C knew that some employees who had been granted access to the entire SAC computer system while assisting the managers with their work moved certain high-balance accounts to their own account pool. If b6, b7C saw instances of this she would notify the managers.

b6, b7C was aware that in June or July 2005 a policy change had been made whereby a team leader or floor manager had to listen in on a call if a borrower wanted a verbal forbearance. b6, b7C did not know why this policy change was implemented. However, b6, b7C came across accounts where the verbal forbearance had been falsified and the manager's initials were included on the account as having verified the verbal forbearance.

b6, b7C believed that b6, b7C was determined to get the DPAs who were falsifying documentation out of SAC. b6, b7C now directly receives monthly quality control reports for all divisions of SAC, approximately 3,000 employees.

b6, b7C has been a witness for the U.S. Department of Justice twice in cases involving fraud against the government by her employers at the time. One employer was Hughes Aircraft, which had sold the U.S. government faulty missile components. b6, b7C was a purchasing agent for Hughes Aircraft. The second company was RECO, or Reynolds Engineering Company, which committed contract fraud against the U.S. Department of Energy at the Nevada Nuclear Test Facility.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE: January 29, 2007

PERSON INTERVIEWED: b6, b7C

INTERVIEWED BY: Special Agent b6, b7C
Special Agent b6, b7C

LOCATION: b6, b7C

REFERENCE: SLMA/Student Assistance Corporation

CASE NUMBER: 06-050116

On Tuesday January 29, 2007 at approximately 5:45 p.m. Special Agents b6, b7C and b6, b7C interviewed b6, b7C residence. The agents presented b6, b7C with their official credentials and explained the nature of the interview, that being b6, b7C employment at the Student Assistance Corporation (SAC). b6, b7C agreed to speak to the agents and stated the following:

1. b6, b7C of SAC hired b6, b7C as a default prevention specialist.
2. b6, b7C was shown an email she sent to b6, b7C complaining about a reprimand she received. In the email b6, b7C complained that other collectors had been caught submitting false documentation and they were not reprimanded. b6, b7C stated that she recalled the email and b6, b7C was upset that she sent it. b6, b7C explained that b6, b7C saw b6, b7C writing the email and told b6, b7C not to send it. b6, b7C sent it anyway and subsequently b6, b7C was called into b6, b7C office and reprimanded for sending the email.
3. b6, b7C was assigned to work on a number of teams while she worked at SAC. b6, b7C worked on the High Balance team for a few months. b6, b7C was the team leader of the High Balance team. b6, b7C teams were always the highest performing teams. b6, b7C had high numbers when she was a member of other teams, and b6, b7C wanted b6, b7C on the High Balance team. b6, b7C was told by b6, b7C and other team leaders to do "whatever it takes" to cure the accounts.

Date: February 6, 2007

S/A: b6, b7C

Case #: 06-050116

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4. **b6, b7C** stated that collectors at SAC were falsifying verbal forbearance agreements "all day, every day." **b6, b7C** stated that **b6, b7C** had bonuses revoked because it was found she had falsified verbal forbearance agreements. **b6, b7C** had more than three final warnings given to her for falsifying verbal forbearances, but she was never fired. **b6, b7C** stated that it was SAC policy to terminate an employee after three final warnings. **b6, b7C** was accused of falsifying verbal forbearances and had been fired from SAC for taking borrower information home with her. **b6, b7C** was friends with **b6, b7C** and did not think **b6, b7C** had falsified verbal forbearance agreements and did not know why anyone would take borrower information home because there was nothing you could do with it outside the office. **b6, b7C** thought that **b6, b7C** falsified verbal forbearances. **b6, b7C** had heard that **b6, b7C** and **b6, b7C** knew about collectors falsifying verbal forbearances.
5. **b6, b7C** was shown a written warning she received for her completion of a verbal forbearance for a borrower who had been deceased prior to the forbearance. **b6, b7C** stated that she made a mistake and at the time she was overworked and was training another employee. **b6, b7C** stated that **b6, b7C** who often called employees into his office to reprimand them, reprimanded her.
6. **b6, b7C** thought that the SAC supervisors and team leaders such as **b6, b7C** knew that the collectors were falsifying verbal forbearances because some collectors were curing \$1 million a day in loans, which would be impossible if they were not cheating. The top collectors received up to \$1,500 in bonus money, and SAC gave out prizes such as stays at the Luxor hotel and big screen televisions for the top collectors.
7. **b6, b7C** recalled there being a floor meeting with all of the collectors to announce that verbal forbearances were an option for the borrowers.
8. **b6, b7C** knew that some borrowers called into SAC to complain about forbearances that they did not approve. **b6, b7C** stated that borrowers who were informed about their loans would know that interest that accrued during forbearance would add money to the loan principle and they were upset if they did not authorize the forbearance. Other borrowers did not complain when a forbearance was done without their knowledge because then they would not hear from a collector during the period of the forbearance.
9. Identifiers:
b6, b7C
b6, b7C (home)
SSN **b6, b7C**
DOB **b6, b7C**

From:

b6, b7C

To:

Date:

2/17/05 10:38AM

Subject:

it's really sad that when factual, many times(x3)information is given to you about false documentati

it's really sad that when factual, many times(x3)information is given to you about false documentation, on the same rep and yet others also yet nothing was done, but when I rec a quality audit im wrote up. I feel discrimated against for the second time

Can you explain the difference to me by email please. Im done talking about what's done around here because its only oblivious what goes for one dosen't go for the other.

I wish someone would of advised to me that im not to call the lender's. I've been working here for 3yrs now and have been calling lenders (now it's a problem).

While working Firewall, High Risk, Ninjas and what else ever I was advised do WHAT EVER! its takes to sat an acct. Was told/or given the authority to commit FDCPA violations ex: calling Poe, when brr states don't call, calling refs more than 1 time a day, falsely documenting acct and team leaders been told @ it.

I guess it's okay for upper Management to give out instructions on to commit FDCPA violations.

Before coming to this team I should have been giving the the rules @ what im able to do and not to do.

CC:

b6, b7C

INTEROFFICE MEMORANDUM

DATE: May 4, 2004

TO: [REDACTED]
FROM: [REDACTED]
SUBJECT: Written Warning – Job Performance

This memorandum serves as a written warning for your failure to properly document account [REDACTED] on April 27, 2004. Your documentation on BPS states you talked with the borrower at a number that is disconnected and you completed a verbal forbearance during the conversation. After reviewing BPS and Class it has been determined you could not have spoken with the borrower as he passed away (died) on July 13, 2003. Copies of the death certificate has been received and noted on the Sallie Mae Class system.

Documenting accounts with false information is a direct violation of company policy. Failure to follow company policy could initiate further discipline, up to and including Termination of Employment.

This memorandum also serves as a written warning for a FDCPA violation on a silent Quality Audit for the loan of [REDACTED] dated 5/4/04. You discussed the account with the borrower's mother after being advised the borrower does not live there.

Per our WCC Employee Handbook, "Any conduct, including criminal conduct (that) impairs the Corporation's desired business image" is classified as an offense that may result in immediate dismissal. Default Prevention has adopted the policy that the first written FDCPA will result in a probationary period of three months. The second FDCPA violation within the probationary period will result in a final written warning accompanied by a probationary period of twelve months, attendance at a FDCPA class and passing a written exam to demonstrate sufficient understanding. A third violation of this nature in the next 3 months may result in disciplinary action, up to and including termination.

Your signature below acknowledges that you understand the serious nature of this memorandum.

[REDACTED]

5/5/04
Date

[REDACTED]

5/5/04
Date

[REDACTED] Team Leader

[REDACTED]

5/5/04
Date

[REDACTED] Operations Manager

CC: Desk File

[REDACTED] 5/2/04



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE: January 30, 2007

PERSON INTERVIEWED: b6, b7C

INTERVIEWED BY: Special Agent b6, b7C
Special Agent b6, b7C

LOCATION: b6, b7C

REFERENCE: SLMA/Student Assistance Corporation

CASE NUMBER: 06-050116

On Tuesday January 30, 2007 at approximately 12:10 p.m. Special Agents b6, b7C and b6, b7C interviewed b6, b7C residence. The agents presented b6, b7C with their official credentials and explained the nature of the interview, that being b6, b7C employment at the Student Assistance Corporation (SAC). b6, b7C agreed to speak to the agents and stated the following:

1. b6, b7C was employed by Sallie Mae in Florida and began working for SAC in Las Vegas as a default prevention specialist in January 2002. b6, b7C was placed in a number of work teams but her team leader for a number of years was b6, b7C. b6, b7C thought that b6, b7C was a good team leader who kept his team apprised of new rules and who wanted his team to follow the rules. b6, b7C had heard that other teams were not following the rules and "cheating", including completing verbal forbearance agreements for borrowers who had not been contacted and had not given consent for the forbearance.
2. In October 2005 b6, b7C was placed on the High Balance team. b6, b7C team leader on the High Balance team was b6, b7C. b6, b7C was placed on the High Balance team because she was a good performer, meaning her collection numbers were high on the other teams she was on. b6, b7C suspected b6, b7C and b6, b7C of falsifying verbal forbearance agreements because they were always the #1 or #2 collectors on the High Balance team each month. b6, b7C also thought b6, b7C falsified verbal forbearances. b6, b7C remembered b6, b7C telling the High Balance team

Date: February 1, 2007

S/A: b6, b7C

Case #: 06-050116

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to do "whatever it takes" to cure the accounts, which to **b6, b7C** also meant cheating.

3. **b6, b7C** thought that **b6, b7C** and **b6, b7C** had been fired for falsifying verbal forbearances.
4. **b6, b7C** explained that members of the High Balance team a special computer privileges that other teams did not have. Members of the High Balance team could look into the "work drawers" of the other teams, including the High Balance team. The work drawers were virtual file drawers into which accounts were placed by SAC management for the individual collectors to work when they were not connected to a call. **b6, b7C** knew that **b6, b7C** **b6, b7C** who were members of the High Balance team, would look into the work drawers of other teammates and take the high balance accounts for themselves. When **b6, b7C** complained to **b6, b7C** or other supervisors about this practice **b6, b7C** would be told that sometimes the borrowers called in and other teammates received the calls. **b6, b7C** knew that was not true and that the accounts were being stolen from her. **b6, b7C** also saw some of her accounts were stolen and cured through verbal forbearance by **b6, b7C** but no new contact information was placed on the account. **b6, b7C** explained that the accounts had bad borrower contact information, but the accounts were supposedly cured through verbal forbearance.
5. **b6, b7C** had been reprimanded for completing electronic forbearances on behalf of borrowers. **b6, b7C** described this practice as speaking to a borrower on the telephone while accessing the Internet and an electronic forbearance application. While the borrower was on the telephone **b6, b7C** would complete the electronic application for the borrower and submit the application. The reprimand upset **b6, b7C** because she had been trained in the practice while she worked for Sallie Mae in Florida and had written materials from Sallie Mae describing how to do the electronic forbearances. When **b6, b7C** began working for Sallie Mae in Las Vegas she trained her supervisors, including **b6, b7C** on how to complete electronic forbearances for borrowers. **b6, b7C** did not think it was fair that she got reprimanded for something that Sallie Mae had practiced, although completing an electronic forbearance for a borrower may have been against the rules. **b6, b7C** was upset that her supervisor **b6, b7C** did not back her up when she was reprimanded.
6. **b6, b7C** became sick after she was placed on the High Balance team. **b6, b7C** left SAC in October 2006.

- 7. Identifiers:
b6, b7C
b6, b7C (home)
SSN **b6, b7C**
DOB **b6, b7C**

TO: b6, b7C

FROM: b6, b7C

CC: b6, b7C

SUBJECT: Final Written Warning—Electronic Forbearances

This memo serves as documentation for violations of company policy as outlined in Section III B 1 h of the Employee Handbook. It has come to our attention that on several different occasions you have entered Electronic Forbearances for borrowers you spoke with on the telephone. This is in direct violation of company policy as you were advised in early July 2002 that this procedure would not be tolerated. Listed below are the occurrences that led to this action.

<u>Date</u>	<u>Violation</u>
July 30, 2002	Electronic Forbearance was entered for account 085626384
July 30, 2002	Electronic Forbearance was entered for account 436376545

As a result of your failure to follow company policy you are being removed from the High Risk Team and returned to Default Prevention. Any increase you received at the time you moved to the High Risk Team will be forfeited. In addition you are being placed on probation for the next 90 days. At the end of 90 days the probation will be removed, and you will be allowed to post for the High Risk Team provided your performance on the floor is comparable with the performance of other top performers eligible for the High Risk Team.

Additional violations of company policy will result in further disciplinary action up to and including involuntary termination of your position.

b6, b7C

b6, b7C

Team Leader

8-9-02
Date
8/9/02
Date

Department Head

Date



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE: January 30, 2007

PERSON INTERVIEWED: [REDACTED] b6, b7C

INTERVIEWED BY: Special Agent [REDACTED] b6, b7C
Special Agent [REDACTED] b6, b7C

LOCATION: Barnes & Noble
8915 W. Charleston
Las Vegas, NV

REFERENCE: SLMA/Student Assistance Corporation

CASE NUMBER: 06-050116

On Tuesday January 30, 2007 at approximately 1:30 p.m. Special Agents [REDACTED] b6, b7C and [REDACTED] b6, b7C interviewed [REDACTED] b6, b7C workplace. The interview was previously arranged with [REDACTED] b6, b7C. The agents presented [REDACTED] b6, b7C with their official credentials and explained the nature of the interview, that being [REDACTED] b6, b7C employment at the Student Assistance Corporation (SAC). [REDACTED] b6, b7C agreed to speak to the agents and stated the following:

1. [REDACTED] b6, b7C began working at SAC in March 2003 and left SAC in November 2004. [REDACTED] b6, b7C was a default prevention specialist. [REDACTED] b6, b7C first supervisor was [REDACTED] b6, b7C. [REDACTED] b6, b7C got along with [REDACTED] b6, b7C and [REDACTED] b6, b7C did not put a lot of pressure on his team members about making collection goals. [REDACTED] b6, b7C thought that [REDACTED] b6, b7C and [REDACTED] b6, b7C spent a lot of time together, and harbor had heard a rumor that [REDACTED] b6, b7C was dating an employee named [REDACTED] b6, b7C.
2. When [REDACTED] b6, b7C began working at SAC the management told the default prevention specialists to push deferments on borrowers. Later the management told the staff to try to get verbal forbearances instead of deferments. [REDACTED] b6, b7C was given a script to read to borrowers who were interested in forbearance and [REDACTED] b6, b7C was told that the borrower had to agree to the forbearance. When [REDACTED] b6, b7C first started getting verbal forbearances a Sallie Mae employee had to get on the telephone line and listen to and verify the verbal forbearance

Date: February 1, 2007

S/A: [REDACTED] b6, b7C

Case #: 06-050116

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agreement. Later, the requirement of having a Sallie Mae employee verify the verbal forbearance agreements with the borrowers was dropped. However, HARBUR knew that quality control employees listened to the calls the default control specialists made.

3. b6, b7C was placed on the High Balance team in October 2004. b6, b7C b6, b7C was then b6, b7C team leader. b6, b7C job became very stressful when she was moved to the High Balance team. b6, b7C became friends with b6, b7C but did not socialize with any other SAC employees. b6, b7C did not like to socialize with other people from her workplace. b6, b7C left SAC before b6, b7C left.
4. b6, b7C had heard rumors of default control specialists “cheating” on verbal forbearances, meaning they would approve a verbal forbearance for a borrower they had not contacted. b6, b7C heard that b6, b7C and b6, b7C were doing false verbal forbearances. b6, b7C did not know of any SAC employee being fired as a result of falsifying verbal forbearances. b6, b7C had also heard that team leader b6, b7C was coaching employees on how to falsify verbal forbearances because members of her team were always the highest performers. b6, b7C heard b6, b7C, b6, b7C, b6, b7C, and b6, b7C, who were members of the High Balance team, complaining about each other.
5. b6, b7C explained that when a verbal forbearance was done an entry was made into the Borrower Pursuit System and an email was sent to Sallie Mae headquarters in Indianapolis.
6. b6, b7C stated that she saw accounts that had been manually worked by default prevention specialists and verbal forbearances granted. b6, b7C explained that if an employee manually worked an account it might still be on the auto-dialer list. b6, b7C saw accounts come up on her screen through the auto-dialer that had been cured through verbal forbearance by another employee. b6, b7C saw that on some of these accounts a verbal forbearance was granted even though the borrower contact information had been previously listed as bad.
7. b6, b7C stated that most directives from management at SAC came through emails to the employees.
8. b6, b7C was reprimanded one time for not following up on a borrower’s promise to pay.
9. Identifiers:
b6, b7C
b6, b7C (home)
SSN b6, b7C
DOB b6, b7C



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE: January 31, 2007

PERSON INTERVIEWED: b6, b7C

INTERVIEWED BY: Special Agent b6, b7C
Special Agent b6, b7C

LOCATION: Community College of Southern Nevada Las Vegas
3200 East Cheyenne
Las Vegas, NV

REFERENCE: SLMA/Student Assistance Corporation

CASE NUMBER: 06-050116

On Wednesday January 31, 2007 at approximately 5:30 p.m. Special Agents b6, b7C and b6, b7C interviewed b6, b7C at the Community College of Southern Nevada Las Vegas, where b6, b7C attends school. The interview was previously arranged with b6, b7C. The agents presented b6, b7C with their official credentials and explained the nature of the interview, that being b6, b7C employment at the Student Assistance Corporation (SAC). b6, b7C agreed to speak to the agents and stated the following:

1. b6, b7C began working for SAC in April 2004 and left SAC in July 2005. b6, b7C was hired as a default prevention specialist. b6, b7C first supervisor was b6, b7C followed by b6, b7C b6, b7C and b6, b7C.
2. The last team b6, b7C was assigned to was the High Balance team. b6, b7C thought that working on the High Balance team was very stressful and competitive between team members. While on the High Balance team b6, b7C started hearing rumors of default prevention specialists "cheating" on verbal forbearance agreements with borrowers, meaning they were approved by default prevention specialists without the knowledge of the borrowers. b6, b7C also heard rumors of employees forging borrower deferment documents.

Date: February 2, 2007

S/A: b6, b7C

Case #: 06-050116

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CONTINUATION OF 301 RE: GASPAR, Kristal

3. After **b6, b7C** left SAC she heard that **b6, b7C** had been disciplined for falsifying verbal forbearances. **b6, b7C** thought that the High Balance team leader, **b6, b7C**, must have known the falsifications were being done because of the numbers some collectors were generating. **b6, b7C** also heard that **b6, b7C** and **b6, b7C** had been falsifying verbal forbearances.
4. **b6, b7C** was aware that while she worked at SAC her telephone conversations with borrowers could be monitored. **b6, b7C** knew that **b6, b7C** monitored telephone calls. **b6, b7C** asked **b6, b7C** if he had ever heard her doing anything wrong on the telephone and **b6, b7C** told her that he had not heard her do anything wrong.
5. **b6, b7C** was never asked to falsify a verbal forbearance. **b6, b7C** thought that falsifying verbal forbearances was prevalent and that some reprimands were done to make it look as if SAC was addressing the problem. Members of SAC management, including **b6, b7C** and **b6, b7C**, socialized with SAC staff members after work hours. **b6, b7C** did not socialize with her supervisors and she thought it was a strange practice for a supervisor to socialize with an employee. **b6, b7C** also heard that SAC employees were faxing forbearance and deferment agreements into SAC on behalf of and unknown to borrowers.
6. **b6, b7C** also heard rumors about **b6, b7C** cheating, but **b6, b7C** did not pay much attention to the rumors that she heard while at SAC. **b6, b7C** knew that **b6, b7C** brought in very high collection numbers for SAC, but thought it was strange that **b6, b7C** was also out of the office a lot.
7. **b6, b7C** recalled that the default prevention specialists could bring up the CLASS computer screen without having a borrower on the telephone line.
8. **b6, b7C** thought that **b6, b7C** and **b6, b7C** were calling their friends' telephone numbers and logging those calls into the system to make it appear that they were speaking to a delinquent borrower. **b6, b7C** and **b6, b7C** would then process a false verbal forbearance for the borrowers, and the telephone call to their friends would make it appear they had spoken to the borrower.
9. The only SAC employee **b6, b7C** has seen since she left SAC was **b6, b7C**, approximately 1-½ years ago. **b6, b7C** left SAC because the pay was not enough and it was just a bad place to work. **b6, b7C** began working for Cendant time-share sales.
10. **b6, b7C** did not complain about what she thought was cheating going on to her supervisors. **b6, b7C** preferred to not get involved even though it affected her pay because it made it difficult to compete and be the number one collector and receive a bonus. **b6, b7C** thought the working environment at SAC was terrible

and that everyone was accusing each other of doing something illegal. b6, b7C
b6, b7C was too personal with all of her employees for b6, b7C to feel
comfortable telling b6, b7C her complaints or suspicions. b6, b7C thought
that if she said anything to b6, b7C about another employee, b6, b7C would
immediately tell that employee what b6, b7C said.

11. Identifiers:

b6, b7C

[Redacted]

(cell)

SSN b6, b7C

DOB b6, b7C



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE: February 1, 2007

PERSON INTERVIEWED: [REDACTED]

INTERVIEWED BY: Special Agent [REDACTED]
Special Agent [REDACTED]

LOCATION: Denny's restaurant
4280 W. Craig
Las Vegas, NV

REFERENCE: SLMA/Student Assistance Corporation

CASE NUMBER: 06-050116

On Thursday February 1, 2007 at approximately 9:25 a.m. Special Agents [REDACTED] and [REDACTED] conducted an interview with [REDACTED]. The previous day SA [REDACTED] left a business card at [REDACTED]'s home address, requesting that she call SA [REDACTED] regarding her employment at Sallie Mae. [REDACTED] called SA [REDACTED] the evening of January 31, 2007 and agreed to meet with SA [REDACTED] and SA [REDACTED] at a Denny's restaurant the following morning. Upon meeting the agents identified themselves to [REDACTED] with their official credentials. [REDACTED] agreed to speak to the agents and stated the following:

1. [REDACTED] began working for Sallie Mae in March 2003. [REDACTED] found a Sallie Mae job listing on the Internet and applied for the job of default prevention specialist. [REDACTED] had to take a test prior to being hired. [REDACTED] had 10 to 14 days of training and her first supervisor was [REDACTED]. During her employment at Sallie Mae as a default prevention specialist HYER was assigned to a number of teams, her last being the High Balance team. The High Balance team was created to collect on accounts that had high outstanding delinquent balances. From the High Balance team [REDACTED] was assigned to collect on private Sallie Mae loans, but that only lasted a few weeks.
2. [REDACTED] was good at default prevention because she was persistent in contacting doctors and attorneys who were typically very difficult to contact. [REDACTED] was normally in the top 10 collectors on the teams she was assigned. [REDACTED] thought

Date: February 6, 2007

S/A: [REDACTED]

Case #: 06-050116

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that those in the top ten were “in the spotlight” because they did better than most everyone else. b6, b7C explained that by “in the spotlight” she meant they were suspected of falsifying verbal forbearance agreements.

3. b6, b7C worked with b6, b7C on the High Balance team. b6, b7C knew b6, b7C boyfriend, b6, b7C and her domestic partner, b6, b7C, rented a house they owned to b6, b7C for two or three months in July or August 2005. b6, b7C and b6, b7C spoke to b6, b7C who told them that b6, b7C would call him on his cell phone while b6, b7C was at work. The purpose of the calls was for b6, b7C to appear that he was speaking to a borrower who otherwise could not be contacted, and b6, b7C would complete a false verbal forbearance for the borrower. The call to b6, b7C would be logged as if b6, b7C had been speaking to the borrower. b6, b7C also said that he would call b6, b7C from his home telephone so b6, b7C could pretend he was speaking to a borrower. At the time b6, b7C lived near b6, b7C.
4. b6, b7C gave b6, b7C and b6, b7C two money orders for \$500 each for two months’ rent in September 2005. Both of the money orders were returned for insufficient funds. b6, b7C and b6, b7C were unable to get payment from b6, b7C for the rent. b6, b7C knew that b6, b7C had been arrested before and had tried to kill someone.
5. When b6, b7C was on the High Balance team her team leader was b6, b7C. While on the High Balance team b6, b7C knew that team members called each other on the telephone in the lunchroom, making it appear that they were speaking to borrowers for the purpose of completing false verbal forbearances. b6, b7C knew that many members of the High Balance team under b6, b7C were related to each other. b6, b7C thought that High Balance team member b6, b7C was b6, b7C cousin. b6, b7C knew that b6, b7C carried a gun to work, and had seen b6, b7C gun in her car. b6, b7C had six relatives on the High Balance team. b6, b7C thought that b6, b7C had been fired for falsifying verbal forbearances.
6. b6, b7C recalled an instance when she completed a verbal forbearance with a borrower on the phone. When b6, b7C told another team member of the completed account, the other team member said “too bad there was nobody on the telephone.” b6, b7C was upset at the comment because everyone suspected everyone else of falsifying verbal forbearances even when it was not done.
7. b6, b7C recalled that b6, b7C told b6, b7C outside of work that members of the High Balance team had been reprimanded for falsifying verbal forbearances, specifically b6, b7C. b6, b7C recalled that b6, b7C purportedly

- collected \$2 million in one day, which b6, b7C thought to be impossible without falsifying verbal forbearances.
8. b6, b7C stated that if team members did well they would move up in the standings and would be placed on high performing teams. If team members did poorly they would be moved down. b6, b7C did well and was only reprimanded for making personal telephone calls while at work.
 9. b6, b7C had been on the Red Team, which was a team within Team 1 that worked accounts that were 365 days or more delinquent. b6, b7C received \$500 for being on the team. b6, b7C was on Team 1 prior to being assigned to the High Balance team. b6, b7C was b6, b7C team leader on Team 1. b6, b7C knew that b6, b7C and his wife socialized with b6, b7C and her husband. b6, b7C has since gotten divorced.
 10. When b6, b7C was assigned to the High Balance team she did well right away. Some collectors said she did well because b6, b7C favored her, but b6, b7C stated that she was just a good collector. b6, b7C stated that she always documented her conversations on the computer so it was apparent that she spoke to the borrower.
 11. b6, b7C described a practice within Sallie Mae known as “rat holing.” b6, b7C explained that “rat holing” was when a collector had a good telephone number for a high balance account but did not put the new number in the computerized borrower information so that another collector could not contact the borrower. The collector would manually bring up the account later and call the borrower and cure the account. b6, b7C thought that this practice was widespread throughout Sallie Mae.
 12. b6, b7C stated that most or all members of b6, b7C team falsified verbal forbearances. b6, b7C thought that b6, b7C was one of the collectors who falsified the most verbal forbearances. b6, b7C also falsified verbal forbearances. b6, b7C called b6, b7C when b6, b7C received SA b6, b7C business card. b6, b7C told b6, b7C that she had been contacted by the OIG about a year prior but told the agents nothing. b6, b7C told b6, b7C not to tell the agents anything that they did not already know and not to offer any information if the agents do not ask for it.
 13. b6, b7C socialized with b6, b7C and b6, b7C, another team leader. b6, b7C knew b6, b7C and b6, b7C to be good friends outside of the workplace. b6, b7C thought that the team leaders were under the supervision of b6, b7C and b6, b7C was the supervisor of b6, b7C. b6, b7C and b6, b7C were quality control employees. b6, b7C was promoted from that position to a supervisory position on another floor.

14. b6, b7C stated that she completed verbal forbearances on behalf of borrowers when she spoke only to the borrowers' spouses. b6, b7C explained that she sometimes spoke to the spouses of borrowers who told b6, b7C that they were in fact the borrowers. b6, b7C knew they were not the borrowers but would complete verbal forbearances anyway. In these instances b6, b7C would get b6, b7C or b6, b7C on the telephone line with the purported borrowers to approve the verbal forbearances. This practice was illegal, but b6, b7C received permission from b6, b7C and b6, b7C to approve the verbal forbearances without the borrowers' consent.
15. b6, b7C stated that the High Balance team members had parties at b6, b7C b6, b7C house. At these parties there was a lot of drinking, drugs and sex between team members. b6, b7C knew b6, b7C to be a dominatrix and had been arrested for prostitution. b6, b7C stated that b6, b7C, who had a domineering personality, forced herself onto b6, b7C High Balance team member b6, b7C dealt crystal methamphetamine and b6, b7C and b6, b7C took crystal methamphetamine while at work. During December 2004 or January 2005 b6, b7C took the methamphetamine by putting it in her coffee. b6, b7C smoked the methamphetamine. While b6, b7C was taking the methamphetamine she falsified two verbal forbearances on behalf of borrowers. b6, b7C stated that she had often spoken to b6, b7C and b6, b7C b6, b7C about falsifying verbal forbearances. b6, b7C falsified the verbal forbearances soon after speaking to b6, b7C and b6, b7C about it.
16. b6, b7C would go to lunch with b6, b7C and she and b6, b7C would drink alcohol. At first b6, b7C resisted drinking during work, but b6, b7C insisted that she drink.
17. b6, b7C left Sallie Mae on February 8, 2005 because she became sick. That day b6, b7C went into the office and "flipped out" and quit. b6, b7C last had contact with b6, b7C approximately 1½ years ago. b6, b7C ran into b6, b7C at an Olive Garden restaurant a while ago. b6, b7C worked at a company called Cendant after she left Sallie Mae. b6, b7C is currently a home health care worker.
18. b6, b7C stated that at Sallie Mae b6, b7C was best friends with the head of the human resources department b6, b7C.
19. b6, b7C stated that members of all teams falsified verbal forbearances, not just members of the High Balance team .

- 20. Identifiers:
 - b6, b7C**
 - b6, b7C**
 - b6, b7C**
 - b6, b7C** (home)
 - b6, b7C** (cell)
 - SSN **b6, b7C**
 - DOB **b6, b7C**



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE INTERVIEWED: May 11, 2007
PERSON INTERVIEWED: b6, b7C
INTERVIEWED BY: Special Agent b6, b7C
LOCATION: 500 W. Madison Street
Suite 1440
Chicago, IL 60661
REFERENCE: SLMA
CASE NUMBER: 06-050116

On Friday May 11, 2007 from 9:00 a.m. to 2:00 p.m. Special Agent b6, b7C interviewed b6, b7C. Also present during the interview was b6, b7C attorney b6, b7C had previously been interviewed in February 2006 in Washington, DC. The purpose of this interview was for b6, b7C to explain some of the documentary information provided by SLMA to the OIG. The following are b6, b7C descriptions of specific documents and information:

1. SAC default aversion specialists were told to be on and off a call in 2 minutes. b6, b7C did not find this feasible as the introductory "talk-off" and other mandatory conversations with borrowers took at least 1 minute. The talk-offs and the verbal forbearance descriptions for the borrowers were provided in SAC training material (attached). An "easy" call with a borrower willing to work with a collector typically took about 5 minutes.
2. The Firewall Team attempted to contact borrowers who were very close to default, 265 days or more delinquent. These were difficult calls and took a long time.
3. b6, b7C stated that the length of a call was important in finding fraudulent accounts, but equally important was the length of time the collector looked at the SLMA CLASS system prior to making a call. b6, b7C explained that collectors would prepare themselves for a call by looking at the loan and call history on the CLASS system prior to making the call. If no time was spent looking at CLASS, a short call to the borrower would not be feasible.

Date Prepared: 5/14/2007

S/A b6, b7C

Case No: 06-050116

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4. On the High Balance Team “call bundles” were groups of accounts which the group was going to contact for an entire day, through the autodialer or manually. SAC management developed the bundles and was generally comprised of high dollar accounts that were delinquent.
5. The term “OUT BORR” in the Borrower Pursuit System (BPS) collector log meant that a call was made to the borrower either manually or through the autodialer. If a collector manually made a call the collector clicked on an icon in the BPS screen to put in the record that a call was placed to the borrower. This did not mean that the call was actually made. The collector could click on the icon to populate the “OUT BORR” statement and the known telephone number, but that did not mean the call was actually made. The telephone system did not record on the BPS record that a call was made; this had to be done by the collector. Calls that connected through the autodialer were recorded on the BPS.
6. Borrower telephone numbers came from the borrowers providing the numbers or from skip tracers who worked for SAC. The first BPS screen had the borrower’s SSN, address and telephone number. A “details” tab held additional information such as work or parents’ telephone numbers. The primary telephone number on the first BPS screen could be changed by a collector to a different number. If a collector contacted a borrower at a number different than the primary number listed in the BPS, the system would have no way to record the new number; it was the responsibility of the collector to update the information.
7. Each collector was given a “work drawer” of accounts each day that had to be worked, in addition to any other accounts worked through the autodialer or by manually placing calls. The work drawer accounts were the oldest and most difficult accounts to work.
8. Each time a borrower is contacted the SAC collector has to identify himself, identify the borrower and give a preamble, even if the collector had just spoken to the borrower moments earlier. b6, b7C provided the preambles (attached.)
9. b6, b7C was aware that relatives worked at SAC. SAC encouraged collectors to have their friends and family apply for positions as default prevention specialists. Bonuses were given to employees who brought new employees to SAC, up to \$1,000 per new employee.
10. The CLASS system held only SLMA loan information.
11. The individual collectors determined how much forbearance to grant to a borrower. The BPS system displayed the amount of forbearance a borrower had remaining (60 months maximum.) Collectors were supposed to offer the minimum amount of forbearance as possible.

Date Prepared: 5/14/2007

S/A b6, b7C

Case No: 06-050116

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12. The listing 963 under "agency" in BPS is SAC. Codes 100, 200 and 300 were codes for SAC in Fishers, Indiana.
13. Supervisors were present on Saturdays. Some collectors worked on Saturdays. Many collectors worked 4 days, Monday through Thursday, and then a few hours on Saturday.
14. The compliance personnel at SAC who listened to telephone conversations stopped working at 5:00 p.m. each day. After 5:00 p.m. the collectors knew their telephone conversations would not be monitored.
15. Only the Firewall and High Balance teams could leave a message with a borrower and give a direct-dial extension telephone number back to that particular collector. Collectors on other teams were not able to have borrowers call them back directly.
16. Collectors who had multiple promises on one call, such as a payment and a verbal forbearance, received credit for 2 promises, which could increase their monthly bonus.

Prepare the borrower. Tell him/her that you will read Sallie Mae's forbearance agreement terms, and that at the conclusion they should reply with a Yes or a No response. Read the script WORD FOR WORD.

Borrower must be less the 270 Delinquent

- SLMA will no longer process verbal forbearances for borrowers who are over 270 days delinquent but will required a signed form instead. Direct the borrower to fax the signed forbearance form to SAC Indy at:
➤ **1- 800-220-2008**

Script for Sallie Mae Verbal Forbearance

You have requested forbearance because you are willing but unable to make your scheduled payments due to a temporary financial hardship.

The following are the terms and conditions that apply for the forbearance.

- The forbearance will be for months and will begin on (insert first date of delinquency)
Refer to the 124 Screen
- During the forbearance period, you may make payments, but none are required.
- Interest will be charged on your loan(s) during the forbearance.
- Unpaid interest will be capitalized, that is, added to the principal balance of your loan(s). This will increase the total cost of your loan(s).
 - Unpaid interest will be capitalized no more frequently than quarterly during the forbearance and at the end of the forbearance, even if your promissory note indicates otherwise.
 - Unpaid interest on a Stafford loan disbursed on or after July 1, 2001 will be capitalized at the end of the forbearance.
- You intend to repay your loan(s) upon expiration of this forbearance.

Do you agree to these forbearance terms and conditions? (Yes / No?)

Email: SACIndy

Subject line: Oral Forbearance-USAFunds.

Message: SSN and the beginning and end dates. Copy and paste from the 124 Screen

CC Copy: Your Team Leader.

If new address, type in the new address.

Your Promise in BPS

Solution / Forbearance / check Mail / uncheck Send Form / Apply

Document Activity / Result / Information Only / Additional Details / Verbal forb # of months / Add Activity

Set out Dialer for follow up 14 days for each active LRA.



Correct Identification of Yourself & Your Purpose



Acceptable

- To Borrower or Authorized Third Party:
- “My name is (first name). I’m calling on behalf of USA Funds, the guarantor of your student loan with (name of lender), and I need to verify your best contact information.”
- Or, “Hello my name is _____ I’m calling from Student Assistance Corporation in regard to your student loan with (name of lender). I’d like to **help** you with your loan but I need to verify some information first....”
- To Unauthorized Third Party:
- “Hello. I’m trying to reach (first name of borrower).
- If they ask for the reason for the call, say:
 “I’m calling in reference to a personal business matter.”
- If they persist you may advise them that you are not authorized to speak

Not Acceptable

- My name is _____ I am calling from (lender’s name).
- My name is _____ I am calling on behalf of (lender’s name).
- I am calling to update some information in regards to (lender’s name).
- My name is _____ I am calling from the guarantor's office.
- Please call back to update student records.
- Please call back to update college records.
- I'm following up on some paperwork.
- I'm trying to send some paperwork to borrow, can you verify his/her address?




Borrower Contact Steps

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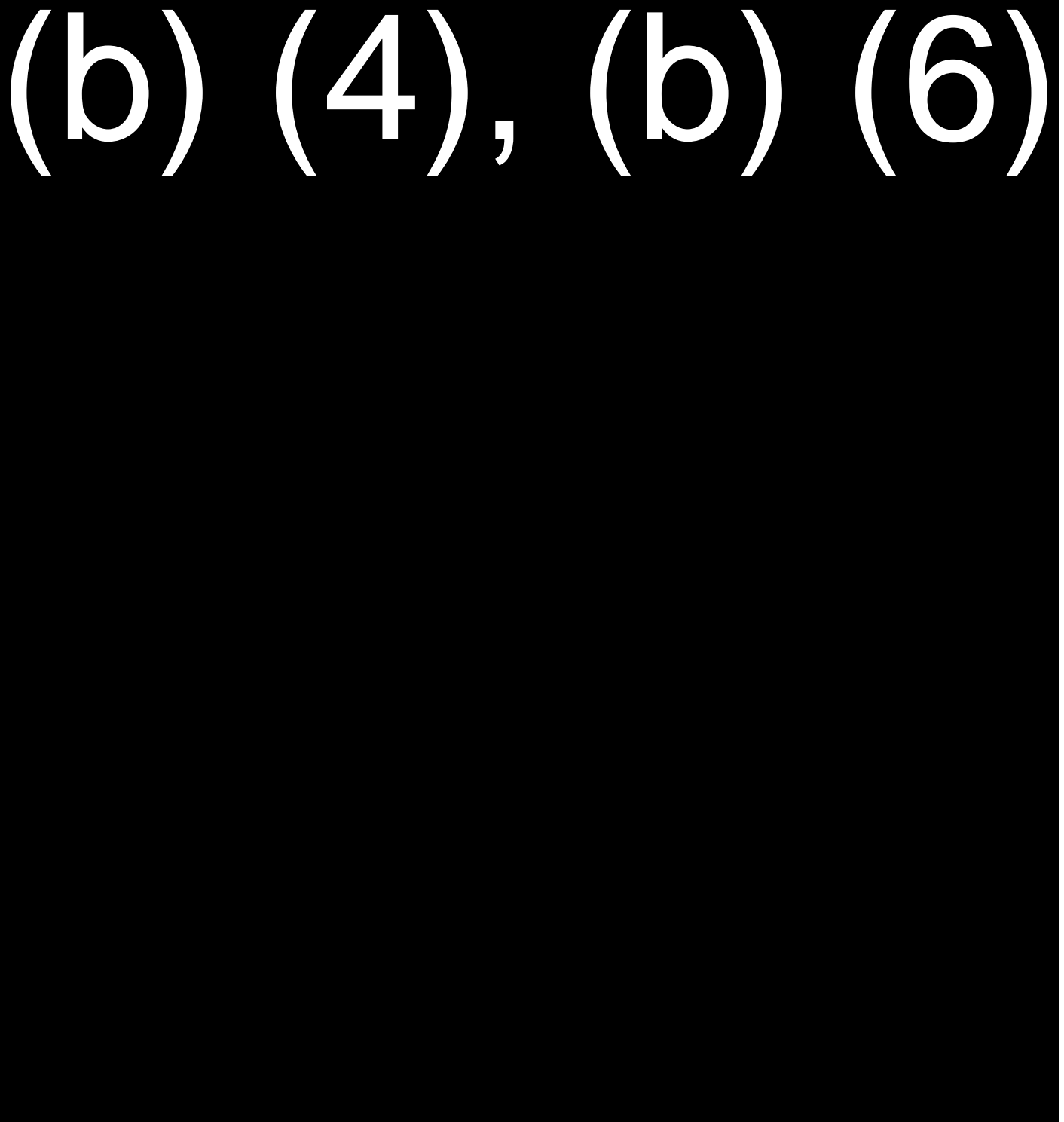
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1. Ask for the Borrower by first name in a friendly tone
2. Ask for an alternate number to reach NOW, or a spouse (Stafford, PLUS, CONS) or Parent (If a Stafford Loan.) *Place of employment.*
3. Verify Borrower's full name and middle initial
4. ID yourself by your first name and that you are with Student Assistance Corporation *OR PERSONAL DATA MASTER*
5. State you need to verify/update home address and primary phone; ASK FOR work phone, cell, and email address to be added to their personal profile.
6. State the Mini Miranda

7. Tell them their Lender is reporting them delinquent; the amount and days.
8. Ask HOW WILL THEY COVER THE FULL DELINQUENT AMOUNT today?
Ask HOW MUCH SHORT? WHEN CAN THEY DO THE REST?
(If a SLMA account, offer to save them time and delinquent charges with a FREE CHECK BY PHONE, (Speedpay)
9. Ask WHY they can't. How can you HELP?
10. Probe for qualifying deferment/forbearance: Are you in-school, looking for work, earning \$1000 a month or less, or just experiencing temporary hardship?
11. LISTEN and qualify for the correct Deferment or Forbearance
12. Ask WHERE can they can accept an email or a fax
13. Give the lender's fax # and DIRECT them to fax the form no later than 6 p.m. the next day
14. Review and restate what they promised to do
15. Tell borrower to follow up with their Lender in 7 days (give the specific day and date)
16. Document and set the dialer date on each LRA

(b) (4), (b) (6)





United States Department of Education
OFFICE OF INSPECTOR GENERAL



April 11, 2007

Mr. Eric D. Reicin
Vice President & Associate General Counsel
Sallie Mae, Inc.
12061 Bluemont Way
Reston, VA 20190

Dear Mr. Reicin:

Pursuant to 5 U.S.C. app. 3, sections 4, 6(a)(4), the enclosed subpoena duces tecum has been issued by the Office of Inspector General of the United States Department of Education. The materials identified should be produced as indicated on the subpoena.

This subpoena may be satisfied by mailing the requested documents and a signed copy of the attached Declaration of Compliance to the address listed on the subpoena on or before the specified date.

At this time compliance with this subpoena is requested for only those days and those default prevention specialists specifically listed in Attachment B. All remaining responsive records must be preserved and available for production on a subsequent date. Please provide the information in an electronic format.

Failure to provide the requested documents at the time specified in the subpoena will be taken by this office as a failure to comply with the subpoena, and we will exercise our legal right to seek judicial enforcement.

It will be helpful in determining whether you have fully complied with this subpoena if the responsive materials are accompanied by an index of the documents produced. If for any reason any of the required materials are not furnished, list and indicate the location of such materials and the reason for nonproduction. In addition, if any document called for is withheld because of a claim of attorney-client privilege, identify: (a) the attorney and client involved; (b) all persons or entities who were involved in the preparation of the document; (c) all persons or entities who received the document; (d) all persons or entities known to have been furnished the document or informed of its substance; (e) the date of the document; and (f) the subject matter of the document.

Attached to the subpoena is a Notice to Submitters of Confidential Commercial Information.

Thank you for your assistance.

Sincerely,

b6, b7C

Fur Thomas D. Utz, Jr.
Acting Special Agent in Charge



United States Department of Education
OFFICE OF INSPECTOR GENERAL
SUBPOENA DUCES TECUM



TO: Sallie Mae, Inc.
c/o Mr. Eric D. Reicin
Vice President & Associate General Counsel
12061 Bluemont Way
Reston, VA 20190

YOU ARE HEREBY COMMANDED TO APPEAR BEFORE Special Agent **b6, b7C** a duly authorized representative of the Office of Inspector General, U.S. Department of Education, by the 4th day of May, 2007, and produce certain documentary evidence specified below which is necessary in the performance of the responsibility of the Inspector General to conduct and supervise investigations, audits, and perform such other functions as are necessary to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud, waste, and abuse in and relating to, the programs and operations of the U.S. Department of Education.

YOU ARE FURTHER COMMANDED to bring with you and produce and provide at said time and place the following:

See Attachments A and B.

Please direct all inquires about this subpoena to:

Special Agent **b6, b7C**
U.S. Department of Education
Office of Inspector General
500 West Madison Street
Room 1414
Chicago, IL 60611
b6, b7C

**ISSUED UNDER THE AUTHORITY OF THE INSPECTOR GENERAL ACT, TITLE 5
U.S.C. APP. 3, SECTIONS 4, 6(a)(4).**

OFFICE OF INSPECTOR GENERAL

b6, b7C

for Thomas D. Utz, Jr.
Acting Special Agent in Charge

4/11/07
Date:



United States Department of Education
OFFICE OF INSPECTOR GENERAL



RETURN OF SERVICE
(PERSONAL SERVICE)

I hereby certify that on _____, 20__, I personally served this SUBPOENA DUCES TECUM on _____ by handing him/her a true copy hereof.

(Signature of person making return)

Name and Official Title

Date

RETURN OF SERVICE
(SERVICE BY MAIL)

I hereby certify that on APRIL 11, 2007, I served this SUBPOENA DUCES TECUM on _____, by causing to be mailed, postage prepaid, return receipt requested, a true copy hereof addressed to
MR. ERIC ROTCIN, SALLIE MAE, INC., 12061 BLUEMOUNT WAY, ROBTON, VA 24150
VIA FEDER OVERNIGHT, TRACKING # 7996 2040 1890

b6, b7C

(Signature of person making return)

b6, b7C
SPECIAL AGENT

Name and Official Title

4/11/07
Date

**SALLIE MAE
ATTACHMENT A**

INSTRUCTIONS

The following instructions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Relevant Time Period. Unless otherwise specified, the scope of this subpoena includes all documents concerning the period from July 1, 2002 through September 30, 2005.
- B. Duty To Supplement. The obligations created by this subpoena are continuing, and you shall supplement your responses if you locate additional responsive documents in your possession.
- C. You shall produce the specified materials to the Department of Education, Office of the Inspector General as they are kept in the usual course of business or you shall organize and label them to correspond to the categories in this subpoena duces tecum.

DEFINITIONS

The following definitions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Sallie Mae. The term “Sallie Mae” refers to the SLM Corporation, headquartered in Reston, Virginia, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
- B. SAC Las Vegas. The term “SAC Las Vegas” refers to the Student Assistance Corporation, a subsidiary of SLM Corporation, located in Las Vegas, Nevada, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
- C. SAC Indiana. The term “SAC Indiana” refers to the Student Assistance Corporation, a subsidiary of SLM Corporation, located in the State of Indiana, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.

- D. Concerning. The term "concerning" means referring to, describing, evidencing, or constituting.
- E. Document. The term "document" refers to correspondence, agreements, memoranda, notes, electronic mailings, calendar and diary entries, memoranda of conversations and of meetings, studies, reports, offers, inquiries, bulletins, summaries, newsletters, compilations, maps, charts, graphs, photographs, film, microfilm, articles, announcements, books, books of account, ledgers, vouchers, canceled checks, invoices, bills, opinions, certificates, and all other tangible things upon which any handwriting, typing, printing, drawing, representation, magnetic or electrical impulses, or other form of communication is recorded, including audio and video recordings and computer-stored information.
- F. Person. The term "person" is defined as any natural person or any business, legal, or governmental entity or association.
- G. Possession. The term "possession" denotes actual or constructive possession. For example, a document is in your possession if it is within the your custody or control, if you have a legal or equitable right to obtain such document from another person, or if it is in the possession of any present or former officer, director, employee, partner, corporate parent, subsidiary, or affiliate thereof.
- H. And/Or. The terms "and" and "or" are used interchangeably herein, operating both as conjunctive and disjunctive conjunctions. The singular and plural forms of nouns and pronouns are likewise used interchangeably herein.
- I. Refer. "Refer" means to discuss, report on, review, consider, evaluate, or explain by direct mention of the subject matter of the request.
- J. Relate. "Relate" means to comprise, explicitly or implicitly, refer to, be reviewed in conjunction with, or be generated as a result of the subject matter of the request, or to reflect, record, memorialize, discuss, evaluate, consider, review or report on the subject matter of the request.

**SALLIE MAE
ATTACHMENT B**

APRIL 11, 2007

Produce the daily telephone call records identifying the date, time and length of call and the name of the default prevention specialist responsible for making or receiving the telephone call for incoming calls received and outgoing calls made by all SAC-Las Vegas default prevention specialists from July 1, 2002 through September 30, 2005, including but not limited to call records for following dates and default prevention specialists:

DATE	WEEKDAY	SPECIALIST	SPECIALIST
9/21/2004	Tuesday	b6, b7C	b6, b7C
10/1/2004	Friday		
10/5/2004	Tuesday		
10/6/2004	Wednesday		
10/7/2004	Thursday		
10/8/2004	Friday		
10/11/2004	Monday		
10/12/2004	Tuesday		
10/13/2004	Wednesday		
10/14/2004	Thursday		
10/15/2004	Friday		
10/16/2004	Saturday		
10/18/2004	Monday		
10/19/2004	Tuesday		
10/20/2004	Wednesday		
10/21/2004	Thursday		
10/22/2004	Friday		
10/23/2004	Saturday		
10/25/2004	Monday		
10/26/2004	Tuesday		
10/27/2004	Wednesday		
10/28/2004	Thursday		
10/29/2004	Friday		
10/30/2004	Saturday		
11/15/2004	Monday		
4/13/2005	Wednesday		
4/14/2005	Thursday		
4/15/2005	Friday		
4/16/2005	Saturday		
4/18/2005	Monday		
4/19/2005	Tuesday		
4/20/2005	Wednesday		
4/21/2005	Thursday		
4/22/2005	Friday		
4/23/2005	Saturday		
4/26/2005	Tuesday		
4/27/2005	Wednesday		
4/29/2005	Friday		
4/30/2005	Saturday		



United States Department of Education OFFICE OF INSPECTOR GENERAL



NOTIFICATION TO SUBMITTERS OF CONFIDENTIAL COMMERCIAL INFORMATION

You have or may be asked to submit to the Office of Inspector General (OIG), U.S. Department of Education, information in connection with an investigation, audit, inspection or other inquiry pursuant to the Inspector General Act of 1978, as amended, 5 U.S.C. app. 3, sec. 1 *et seq.* This is to notify you that if you deem any of this information to be "confidential commercial information," you may take steps to so designate that information to protect its confidentiality if at a future point in time a request is made for disclosure of this information under the Freedom of Information Act (FOIA).

"Confidential commercial information" means records that may contain material exempt from release under Exemption 4 of the FOIA (pertaining to trade secrets and commercial or financial information that is privileged or confidential), because disclosure could reasonably be expected to cause substantial competitive harm.

You may use any reasonable method you believe appropriate and which is acceptable to the OIG to indicate which documents and information you deem to fall into the category of confidential commercial information. Please be as specific as possible in segregating the information that you consider to be "confidential commercial information" from any other information you are providing to the OIG. This may be done before such information is provided to the OIG if feasible, but only if it will not delay or interfere with production of the information or delay or interfere with the OIG's investigation, audit, inspection or other inquiry. Otherwise, you may so designate this information within a reasonable period of time after the information is provided to the OIG.

If an FOIA request is received by the OIG for information you have designated as confidential commercial information, the OIG is nevertheless required by law to make its own independent determination of whether the FOIA requires disclosure of the information or whether it should be withheld pursuant to Exemption (b)(4) or any other exemption of the FOIA. If the OIG determines that it may be required to disclose pursuant to the FOIA that information you have designated or other information that the OIG has reason to believe could reasonably be expected to cause substantial competitive harm, to the extent permitted by law, we will make a good faith effort to notify you and provide you with a reasonable opportunity to object to such disclosure and to state all grounds upon which you oppose disclosure. We will give careful consideration to all specified grounds for nondisclosure prior to making our final decision.

If we nonetheless believe that disclosure is required, we will provide you with a statement explaining why your objections were not sustained and specifying a disclosure date. To the extent permitted by law, this statement will be provided to you in a reasonable number of days prior to the specified disclosure date. Furthermore, if disclosure of the designated information is denied pursuant to an exemption under the FOIA and an administrative or judicial appeal is taken by the FOIA requester, we will make a good faith effort to notify you promptly.

The procedures outlined in this notice are intended only to improve the internal management of the OIG and are not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against the United States, its agencies, its officers, or any person.

DECLARATION OF COMPLIANCE WITH SUBPOENA

I, _____, having knowledge of the facts and circumstances relating to the production of documents in response to the subpoena duces tecum issued by the United States Department of Education, Office of Inspector General, to Sallie Mae, Inc., dated April 11, 2007, do hereby declare that all of the records commanded by the subpoena have been produced to the Office of Inspector General, and that the records provided are complete, authentic, and in full compliance with the subpoena and that no document required by the subpoena has been destroyed or altered since receipt of the subpoena. Any records required by the subpoena that have been withheld from production under a claim of privilege or otherwise have been identified on a separate document attached hereto and incorporated herein, along with the reason(s) for withholding the records.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Executed on this ____ day of _____, 20__.

By: _____
(Signature)

(Name)

(Title)

(Organization)

From: Origin ID: LOTA (312)730-1620
 b6, b7C
 US DEPARTMENT OF EDUCATION - OIG
 500 W. Madison Street
 Suite 1414
 Chicago, IL 60661



CL54223872103

Ship Date: 11APR07
 ActWgt: 1 LB
 System#: 3728273/INET2600
 Account#: S *****

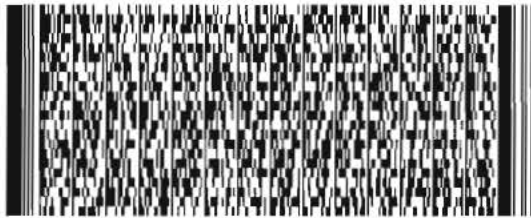
Delivery Address Bar Code



Ref #
 Invoice #
 PO #
 Dept #

SHIP TO: (703)984-5528 **BILL THIRD PARTY**
Mr. Eric Reicin
Sallie Mae, Inc.
12061 Bluemont Way

Reston, VA 20190



STANDARD OVERNIGHT

THU

TRK# **7996 2040 1890**

FORM
0201

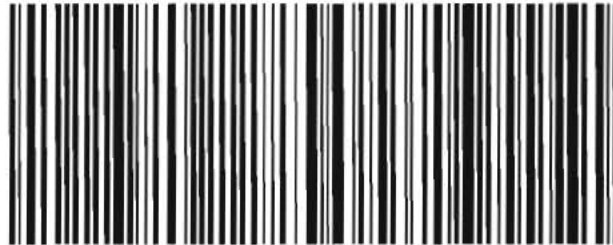
Deliver By:
12APR07

IAD

A1

20190 -VA-US

ND BCBA



Shipping Label: Your shipment is complete

1. Use the 'Print' feature from your browser to send this page to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.



United States Department of Education
OFFICE OF INSPECTOR GENERAL



MEMORANDUM

Date: April 10, 2007

TO: SA [b6, b7C]

FROM: [b6, b7C]

Assistant Counsel to the Inspector General

SUBJECT: Request for Issuance of Inspector General Subpoena

Please note the following comments regarding your subpoena addressed to:
Sallie Mae ([b6, b7C] qui tam).

1. Contents of subpoena approved without further modification.
 Contents of subpoena should be modified as indicated on attached copy of subpoena prior to service.
2. The following additional documents should accompany the subpoena:
 - Cover letter.
 - Subpoena recipient Declaration of Compliance.
 - FOIA Notice to Submitters of Confidential Commercial Information
 - Privacy Act Notice.
3. It appears that the subpoena may seek customer records covered by the Right to Financial Privacy Act ("RFPA"); accordingly:
 - You are required to give notice to the customer, and the records may only be obtained from the financial institution after the customer's right to challenge has been waived or a court has rejected any such challenge. Thereafter, a certificate of compliance with the RFPA should be provided to the financial institution prior to production.
 - Notice to the customer is not required pursuant to the following exemption: _____
A Certificate of Compliance with the RFPA should be attached to the subpoena.

* As soon as possible, provide a copy of the finalized signed subpoena to Counsel's Office.

Sorensen, Howard

From: b6, b7C
Sent: Tuesday, April 10, 2007 11:10 AM
To: b6, b7C
Cc: b6, b7C
Subject: RE: 3rd SLMA subpoena request

Attachments: SLMA 3 document request Attachment B (2).doc; SLMA SUBPOENA 3 COVER LETTER (2).doc; SUBPOENA DUCES TECUM 3 (2).doc



SLMA 3 document request Attachment B (2).doc; SLMA SUBPOENA 3 SUBPOENA DUCES request Attach... COVER LETTER (... TECUM 3 (2).doc...

I made some changes. I think we should include the lists of names within the subpoena demand, not as a separate list. Fax memo to follow.

b6, b7C

-----Original Message-----

From: b6, b7C
Sent: Friday, April 06, 2007 1:40 PM
To: b6, b7C
Cc:
Subject: 3rd SLMA subpoena request

b6, b7C

As we discussed earlier this week, attached is a third subpoena request for documents held by SLMA. This subpoena is requesting call logs for three collectors. The call logs will show whether or not calls that were recorded as made to borrowers, and resulted in verbal forbearance, were actually made. Please advise.

b6, b7C



United States Department of Education
OFFICE OF INSPECTOR GENERAL



April 6, 2007

Mr. Eric D. Reicin
Vice President & Associate General Counsel
Sallie Mae, Inc.
12061 Bluemont Way
Reston, VA 20190

Dear Mr. Reicin:

Pursuant to 5 U.S.C. app. 3, sections 4, 6(a)(4), the enclosed subpoena duces tecum has been issued by the Office of Inspector General of the United States Department of Education. The materials identified should be produced as indicated on the subpoena.

This subpoena may be satisfied by mailing the requested documents and a signed copy of the attached Declaration of Compliance to the address listed on the subpoena on or before the specified date.

At this time compliance with this subpoena is requested for only those days and those default prevention specialists specifically listed in Attachment B. All remaining responsive records must be preserved and available for production on a subsequent date. Please provide the information in an electronic format.

Failure to provide the requested documents at the time specified in the subpoena will be taken by this office as a failure to comply with the subpoena, and we will exercise our legal right to seek judicial enforcement.

It will be helpful in determining whether you have fully complied with this subpoena if the responsive materials are accompanied by an index of the documents produced. If for any reason any of the required materials are not furnished, list and indicate the location of such materials and the reason for nonproduction. In addition, if any document called for is withheld because of a claim of attorney-client privilege, identify: (a) the attorney and client involved; (b) all persons or entities who were involved in the preparation of the document; (c) all persons or entities who received the document; (d) all persons or entities known to have been furnished the document or informed of its substance; (e) the date of the document; and (f) the subject matter of the document.

Attached to the subpoena is a Notice to Submitters of Confidential Commercial Information.

Thank you for your assistance.

Sincerely,

Thomas D. Utz, Jr.
Acting Special Agent in Charge



United States Department of Education

OFFICE OF INSPECTOR GENERAL

SUBPOENA DUCES TECUM



TO: Sallie Mae, Inc.
c/o Mr. Eric D. Reicin
Vice President & Associate General Counsel
12061 Bluemont Way
Reston, VA 20190

YOU ARE HEREBY COMMANDED TO APPEAR BEFORE Special Agent **b6, b7C** a duly authorized representative of the Office of Inspector General, U.S. Department of Education, by the 30st day of April, 2007, and produce certain documentary evidence specified below which is necessary in the performance of the responsibility of the Inspector General to conduct and supervise investigations, audits, and perform such other functions as are necessary to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud, waste, and abuse in and relating to, the programs and operations of the U.S. Department of Education.

YOU ARE FURTHER COMMANDED to bring with you and produce and provide at said time and place the following:

See Attachments A and B.

Please direct all inquires about this subpoena to:

Special Agent **b6, b7C**
U.S. Department of Education
Office of Inspector General
500 West Madison Street
Room 1414
Chicago, IL 60611
b6, b7C

**ISSUED UNDER THE AUTHORITY OF THE INSPECTOR GENERAL ACT, TITLE 5
U.S.C. APP. 3, SECTIONS 4, 6(a)(4).**

OFFICE OF INSPECTOR GENERAL

Thomas D. Utz, Jr.
Acting Special Agent in Charge

Date:

**SALLIE MAE
ATTACHMENT A**

INSTRUCTIONS

The following instructions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Relevant Time Period. Unless otherwise specified, the scope of this subpoena includes all documents concerning the period from July 1, 2002 through September 30, 2005.
- B. Duty To Supplement. The obligations created by this subpoena are continuing, and you shall supplement your responses if you locate additional responsive documents in your possession.
- C. You shall produce the specified materials to the Department of Education, Office of the Inspector General as they are kept in the usual course of business or you shall organize and label them to correspond to the categories in this subpoena duces tecum.

DEFINITIONS

The following definitions are expressly incorporated into each specific demand for production as if fully stated therein:

- A. Sallie Mae. The term "Sallie Mae" refers to the SLM Corporation, headquartered in Reston, Virginia, and all subsidiaries, affiliates, divisions, and any other related corporation, partnership, proprietorship, association, or organization, and its officers, directors, employees, partners, consultants, agents, representatives, accountants.
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- F. Person. The term "person" is defined as any natural person or any business, legal, or governmental entity or association.
- G. Possession. The term "possession" denotes actual or constructive possession. For example, a document is in your possession if it is within the your custody or control, if you have a legal or equitable right to obtain such document from another person, or if it is in the possession of any present or former officer, director, employee, partner, corporate parent, subsidiary, or affiliate thereof.
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**SALLIE MAE
ATTACHMENT B**

Produce the daily telephone call records identifying the date, time and length of call and the name of the default prevention specialist responsible for making or receiving the telephone call for incoming calls received and outgoing calls made by all SAC-Las Vegas default prevention specialists from July 1, 2002 through September 30, 2005, including but not limited to call records for following dates and default prevention specialists:

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10/19/2004	Tuesday		
10/20/2004	Wednesday		
10/21/2004	Thursday		
10/22/2004	Friday		
10/23/2004	Saturday		
10/25/2004	Monday		
10/26/2004	Tuesday		
10/27/2004	Wednesday		
10/28/2004	Thursday		
10/29/2004	Friday		
10/30/2004	Saturday		
11/15/2004	Monday		
4/13/2005	Wednesday		
4/14/2005	Thursday		
4/15/2005	Friday		
4/16/2005	Saturday		
4/18/2005	Monday		
4/19/2005	Tuesday		
4/20/2005	Wednesday		
4/21/2005	Thursday		
4/22/2005	Friday		
4/23/2005	Saturday		
4/26/2005	Tuesday		
4/27/2005	Wednesday		
4/29/2005	Friday		
4/30/2005	Saturday		



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE: August 9, 2007
PREPARED BY: SA [b6, b7C]
CASE TITLE: Sallie Mae
CASE NUMBER: 06-050116
OTHER AGENT(S): [b6, b7C]
REPORT RE: Analysis of first call data

Investigation of Student Assistance Corporation (SAC) led to allegations that default prevention specialists (collectors) 1) made “short” calls to borrowers (two minutes or less) during which no actual contact was made with the borrowers, or 2) calls were logged into the Borrower Pursuit System (BPS) system which were in fact not made. These accounts had been cleared through verbal forbearance even though contact was not made with the borrowers. In an effort to isolate such calls, one month of collection data for three collectors was subpoenaed from SLMA. The collectors and months reviewed were [b6, b7C] (April 2004), [b6, b7C] (October 2004) and [b6, b7C] (October 2004). SLMA provided BPS screen prints reflecting contact with all borrowers who made their accounts current through verbal forbearance during the months described. During the aforementioned months [b6, b7C] cleared 53 accounts through verbal forbearance, [b6, b7C] cleared 59 accounts and [b6, b7C] cleared 99 accounts.

For the 211 accounts cleared by verbal forbearance call records were subpoenaed and received from SLMA. Comparison of the BPS date and time of call to the telephone records produced 63 suspect accounts. These accounts either had calls made for two minutes or less (50 accounts), or no there was no corresponding telephone call record validating the call (13 accounts).

Account and loan data for these 63 accounts was subpoenaed from SLMA. The 63 accounts had a total value of \$4,514,733.98. Default Aversion Fees (DAF) paid on these accounts was \$10,825.20.

SLMA also provided additional call data for the accounts in question. The information provided by SLMA showed that calls were made to other telephone numbers of the borrowers which were not recorded in the BPS. These other calls were generally made soon after (within seconds) of the short calls made and recorded in the BPS. Some of the second calls were longer than the first

Date Prepared: 08/08/2007

S/A [b6, b7C]

Case No: 06-050116

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and are assumed to be legitimate calls to the borrowers. The final analysis of all calls made for the 63 questioned accounts is as follows:

- 20 accounts had second telephone calls that lasted longer than two minutes.
- 39 accounts had second telephone calls that lasted less than two minutes.
- 4 accounts had no calls made on the date and time that the collector indicated in the BPS. These accounts had verbal forbearances completed on the dates the unmade calls were logged. SLMA acknowledged that the calls were not made on these four accounts.

Date Prepared: 08/09/2007

S/A 

Case No: 06-050116

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
INVESTIGATION SERVICES



DATE: January 31, 2008
PREPARED BY: SA [b6, b7C]
CASE TITLE: Sallie Mae
CASE NUMBER: 06-050116
OTHER AGENT(S): [b6, b7C]
REPORT RE: Second analysis of call data

A second analysis of SLMA verbal forbearance data has been completed in the investigation of the Student Assistance Corporation (SAC). Allegations were made of SAC default prevention specialists (collectors) making “short” calls to borrowers (two minutes or less) during which no actual contact was made with the borrowers but resulted in verbal forbearances, or calls to borrowers were logged into the Borrower Pursuit System (BPS) system which were in fact not made but resulted in verbal forbearances. SAC was alleged to have received Default Aversion Fees (DAF) for these falsified verbal forbearances. An analysis of the calls made to borrowers who received a verbal forbearance by four collectors was performed in the summer 2007. That analysis resulted in 63 accounts that appeared to have no calls made to the borrowers on the dates listed by the collectors. SLMA was asked to respond to the 63 questioned accounts. SLMA provided evidence that calls in fact had been made to all but four of the 63 borrowers. SLMA explained that the OIG did not locate the calls subsequently found by SLMA because the OIG did not have all telephone numbers associated with each questioned borrower. The DAF paid on the four accounts with unmade calls was \$23.78, for one borrower. The other three borrowers had previous default aversions which generated the DAF, payable to SAC only once.

A second, more thorough analysis was performed. Following are the results of that analysis.

SCOPE

Analysis of SAC collector monthly call volumes, monthly verbal forbearance completion rates, field interviews, and a review of personnel files led to five collectors suspected of falsifying call data. Analysis revealed that in the month of May 2005 an unusually high number of verbal forbearances had been granted by certain SAC collectors, and during that month four collectors had been reprimanded by SAC management for falsifying calls to borrowers.

Date Prepared: 01/30/2008

S/A [b6, b7C]

Case No: 06-050116

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DATA REQUESTED

Borrower Pursuit System (BPS) records for five collectors (b6, b7C, b6, b7C) was requested from SLMA for the month of May 2005. The request to SLMA included BPS information for all accounts cleared through verbal forbearance for the five collectors for the month of May 2005, all telephone numbers associated with all borrowers who received a verbal forbearance from the five collectors, and call logs for all inbound calls received or outbound calls made by all SAC employees during May 2005.

DATA RECEIVED

SLMA provided BPS information for 690 borrowers who received verbal forbearances from one of five suspected collectors during the month of May 2005. The BPS information provided the time, date and telephone number associated with when the verbal forbearance was granted. SLMA provided 3140 telephone numbers associated with the 690 borrowers. SLMA provided call logs of all inbound calls received or outbound calls made by all SAC employees during May 2005, approximately 6 million call records.

DATA ANALYSIS

All 690 borrowers who received a verbal forbearance from one of the five collectors had specific call times, dates and telephone numbers associated with the verbal forbearances listed in the BPS data. The date of each borrower's verbal forbearance was isolated. A match was then made between all telephone numbers associated with each borrower, the date of the verbal forbearance, and all calls coming in to or out of SAC in May 2005. This resulted in 43 of the 690 borrowers for whom no calls were found to have been made to or received from any associated telephone numbers on the date the verbal forbearance was granted. Importantly, the BPS record of the 43 questioned borrowers indicated that 40 of the 43 borrowers received verbal forbearances as a result of *inbound* calls to SAC.

Length of call: In May 2005 there were 1206 telephone calls made to or received from the remaining 647 borrowers receiving verbal forbearances. 580 of those calls were less than two minutes long, with 496 of the 580 less than one minute long, 408 less than 30 seconds long.

REQUEST TO SLMA FOR EXPLANATION OF THE 43 QUESTIONED ACCOUNTS

A request was made of SLMA to research the 43 questioned accounts, provide loan information for the accounts and provide Default Aversion Fee (DAF) amounts paid as a result of the verbal forbearances.

SLMA responded to the request with the following:

- Three of the 43 accounts had BPS claims of outbound calls being made to the borrowers that resulted in verbal forbearance. SLMA found one outbound international call made to one of the three on the date of the verbal forbearance, and the other two may have been

Date Prepared: 01/30/2008

S/A (b6, b7C)

Case No: 06-050116

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mislabeled outbound calls when in fact SAC received inbound calls from the two borrowers.

- Five of the 43 accounts did not actually receive verbal forbearances because the accounts were not serviced by SLMA (and therefore not eligible for verbal forbearance) or the account was resolved through borrower payment, not forbearance.
- The remaining 38 borrowers did receive verbal forbearances and SLMA was also unable to locate inbound calls from the borrowers as indicted in the BPS record on the dates the verbal forbearances were granted. SLMA claimed that the calls may not be located for a number of reasons, including the borrower calling in from a number unknown to SAC and the collector failing to notice the unknown number on the caller ID and not logging the number in to the BPS. If that new phone number is not associated with that borrower there is no way to search for calls received from that number for that borrower.
- All 38 borrowers who received a verbal forbearance also received follow-up letters from SLMA verifying the forbearance agreement. SLMA has no complaints from these borrowers about receiving the forbearance without their knowledge.
- Most of the 38 borrowers had previous forbearances.

DAF PAYMENTS ON QUESTIONED ACCOUNTS

Because most of the 38 borrowers were granted previous forbearances, the DAF was paid to SAC on only 16 of the 38 accounts for a total of \$2,332.70. As a result of subsequent borrower delinquencies, SAC paid DAF rebates on 6 accounts totaling \$1,825.39. The net DAF received by SAC for these 38 accounts was \$507.31.

SUMMARY

This second analysis did not produce substantial evidence that SAC collectors were falsely reporting calls made to borrowers that resulted in verbal forbearances unknown to the borrowers.

This second analysis produced evidence of a number of “short” calls to borrowers, which the relator alleges were actually calls during which the borrower was never spoken to by the SAC collector, but the collector completed a verbal forbearance. Given that most borrowers in question had multiple previous forbearances, it would be difficult to argue that the calls should have lasted longer given the knowledge the borrower had of the process.

The potential loss to the government in DAF in this second analysis is negligible.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

ENTERED

JUN 23 2008

U.S. CLERK'S OFFICE
INDIANAPOLIS, INDIANA

UNITED STATES OF AMERICA,
ex rel. **b6, b7C**

Plaintiff,

v.

SLM CORPORATION, UNITED STUDENT
AID FUNDS, INC. and STUDENT
ASSISTANCE CORPORATION,

Defendants.

Cause No. 1:06-cv-0088-SEB-JMS

FILED UNDER SEAL

ORDER

The United States having declined to intervene in this action pursuant to the False Claims Act, 31 U.S.C. § 3730(b)(4)(B), the Court rules as follows:

IT IS HEREBY ORDERED that:

1. The seal be lifted on the Complaint and served upon the Defendants by the Relator;
2. All other contents of the Court's file in this action remain under seal and not be made public or served upon the Defendants, except for this Order and the United States' Notice of Election to Decline Intervention which the Relator will serve upon the Defendants only after service of the Complaint;
3. The seal be lifted as to all other matters occurring in this action after the date of this Order;
4. The parties serve all pleadings and motions filed in this action, including supporting memoranda, upon the United States, as provided in 31 U.S.C. § 3730(c)(3). The United States may order any deposition transcript and is entitled to intervene in this action, for

good cause, at any time;

5. All Orders of this Court shall be sent to counsel for the United States; and

6. Should the Relator or the Defendants propose that this action be dismissed, settled, or otherwise discontinued, the Court will solicit the written consent of the United States before ruling or granting its approval.

IT IS SO ORDERED. 06/20/2008

b6, b7C

SARAH EVANS BARKER, JUDGE
United States District Court
Southern District of Indiana

Copies to:

b6, b7C

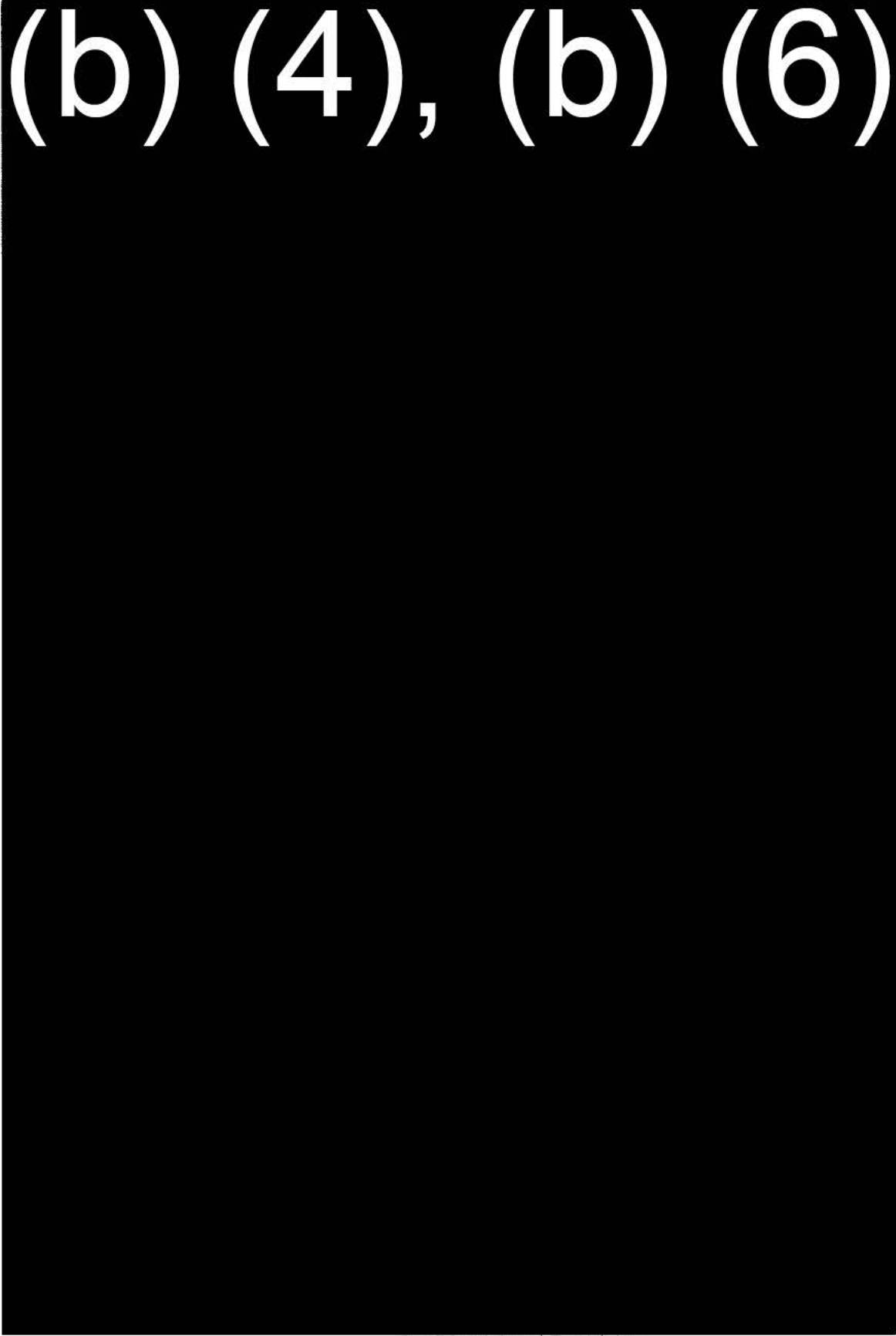
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10 West Market Street, Suite 2100
Indianapolis, IN 46204

Larry P. Zoglin
Philips & Cohen, LLP
131 Stuart Street
Suite 9501
San Francisco, CA 94105

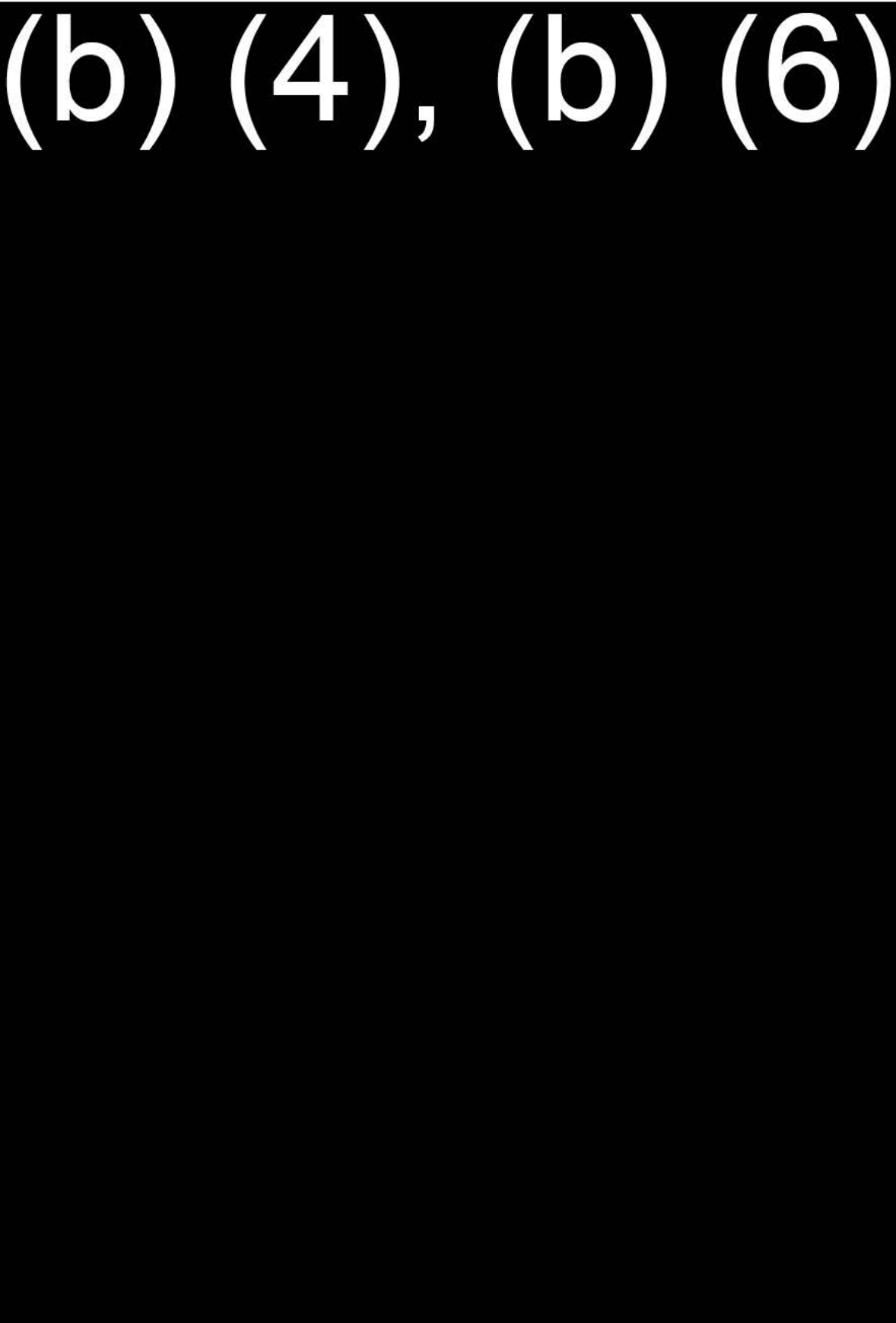
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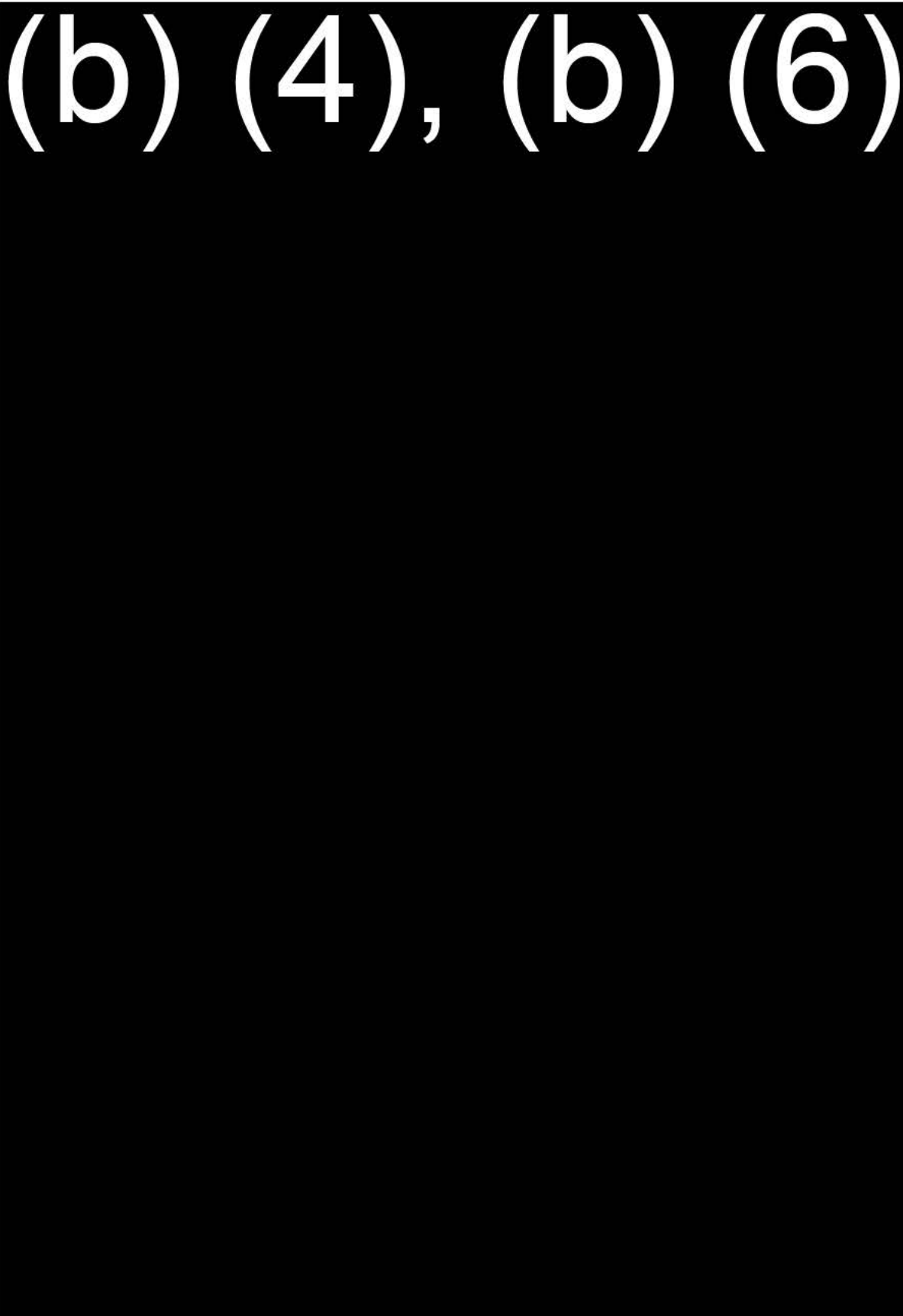
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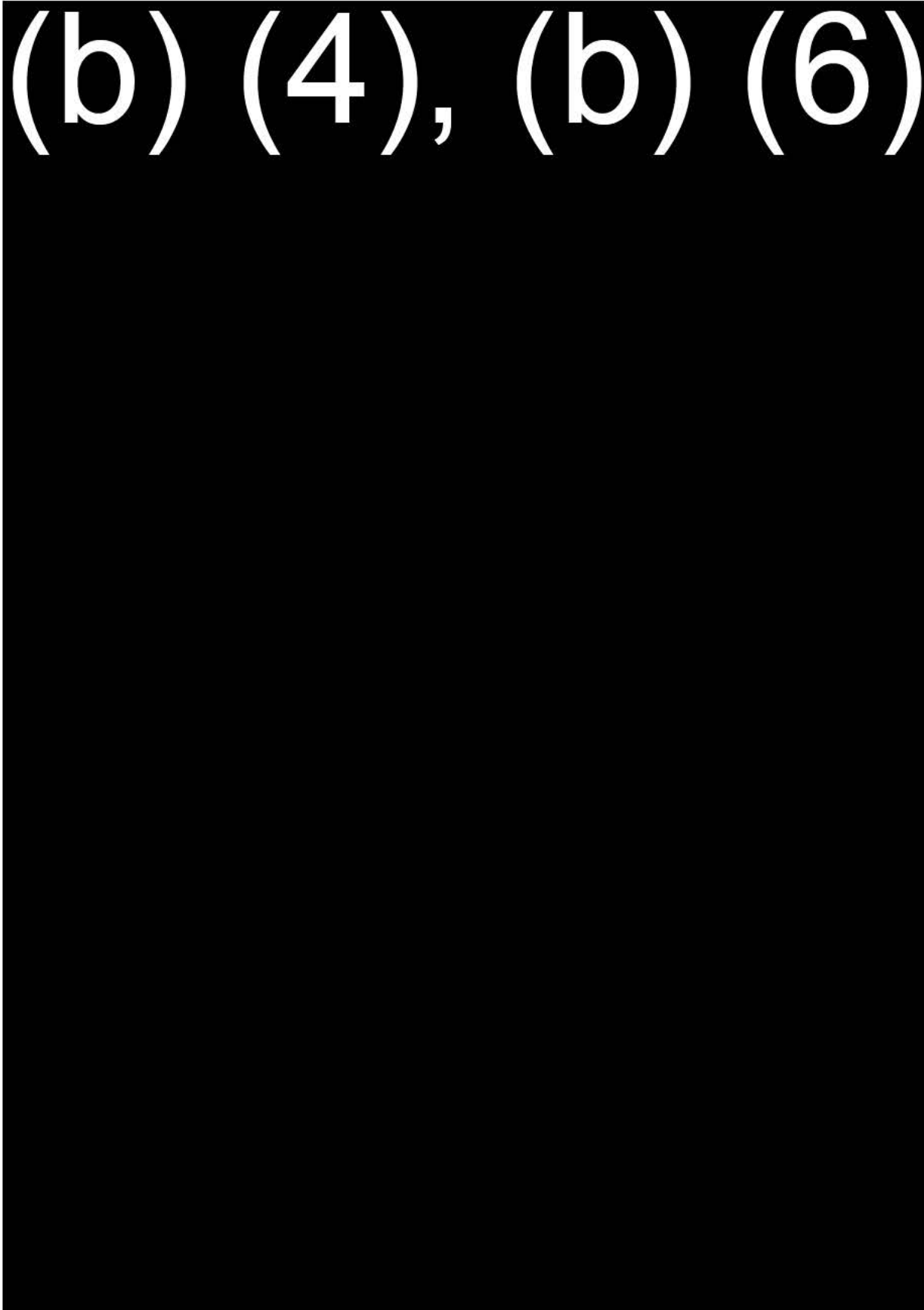
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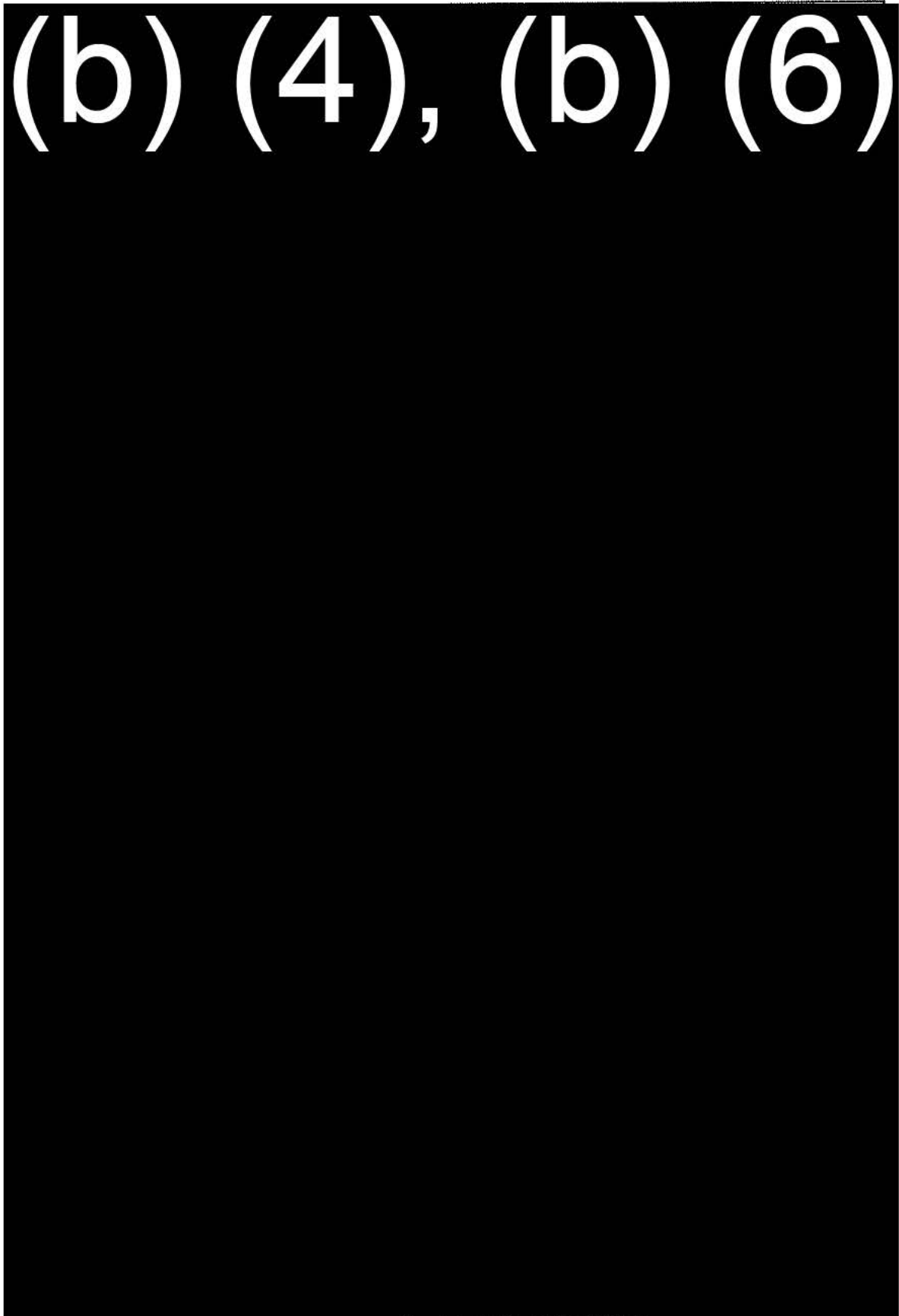
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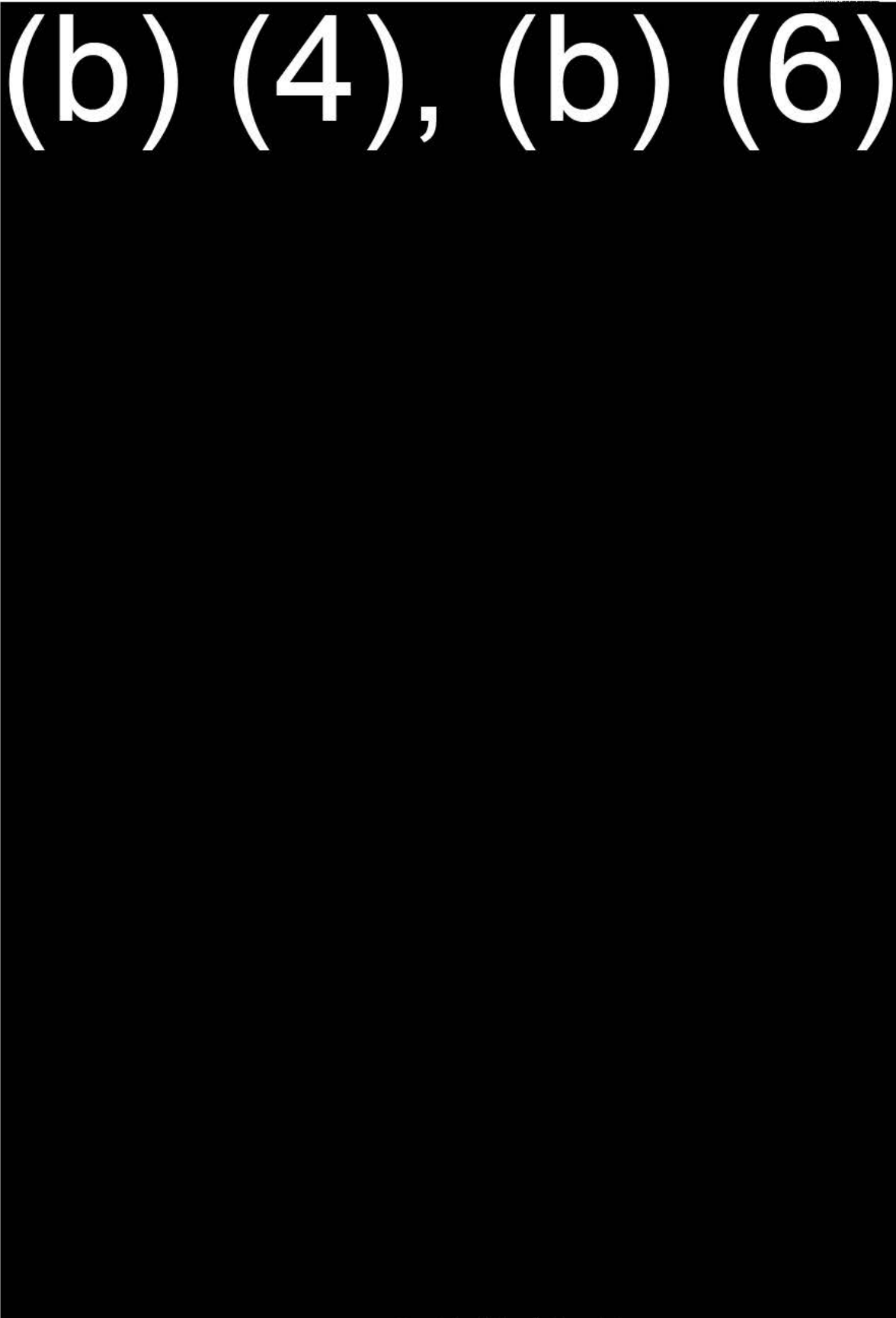
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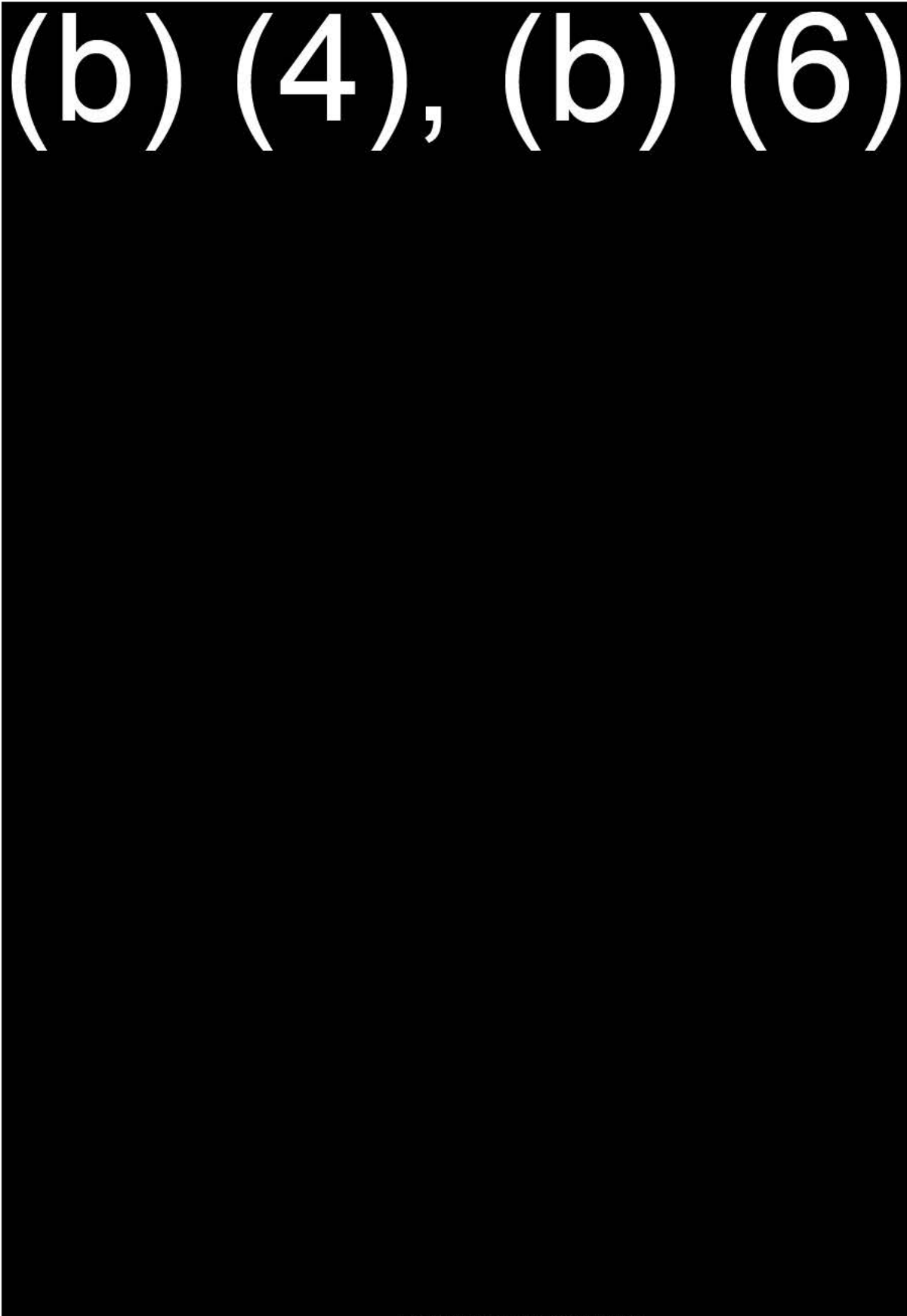
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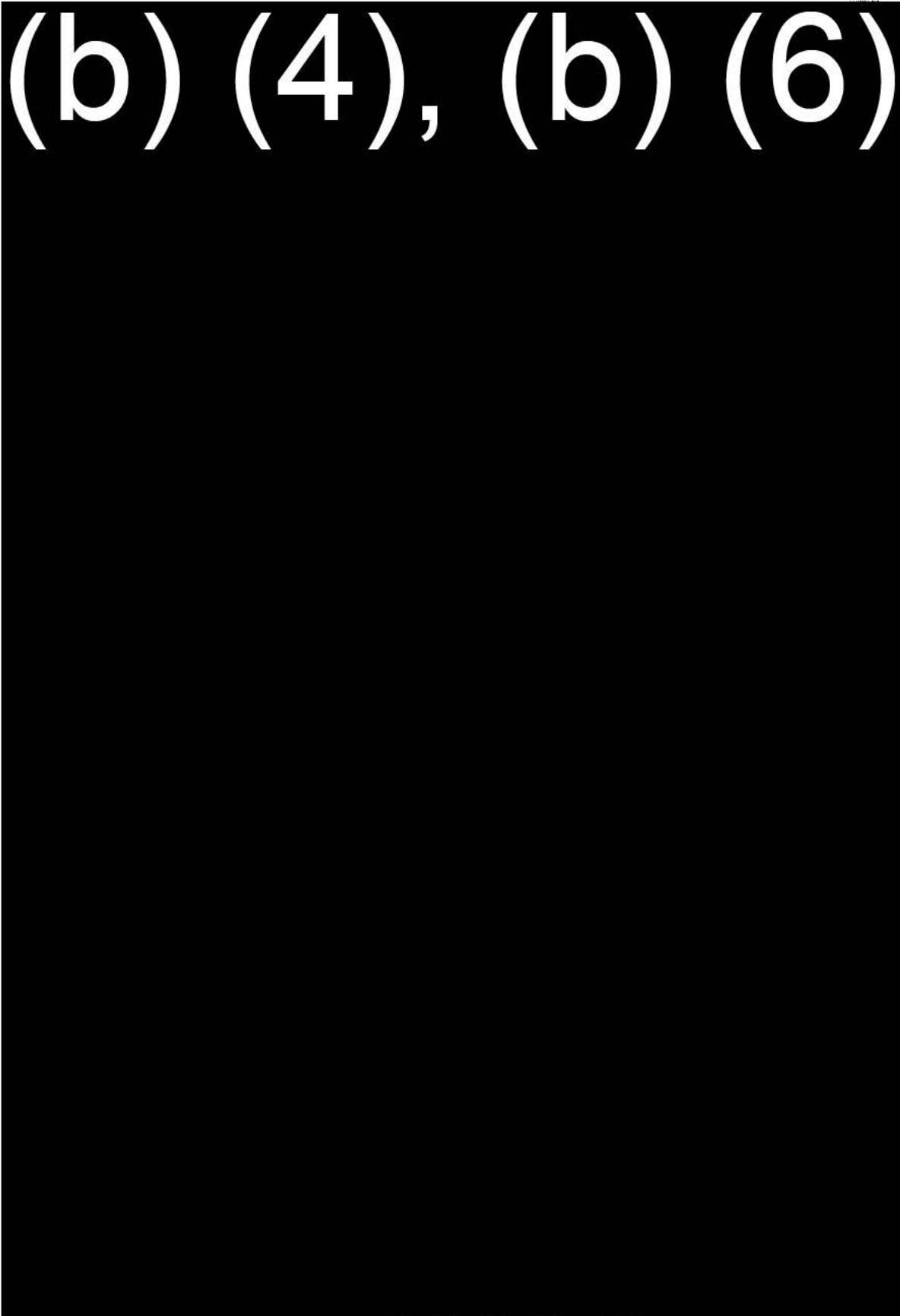
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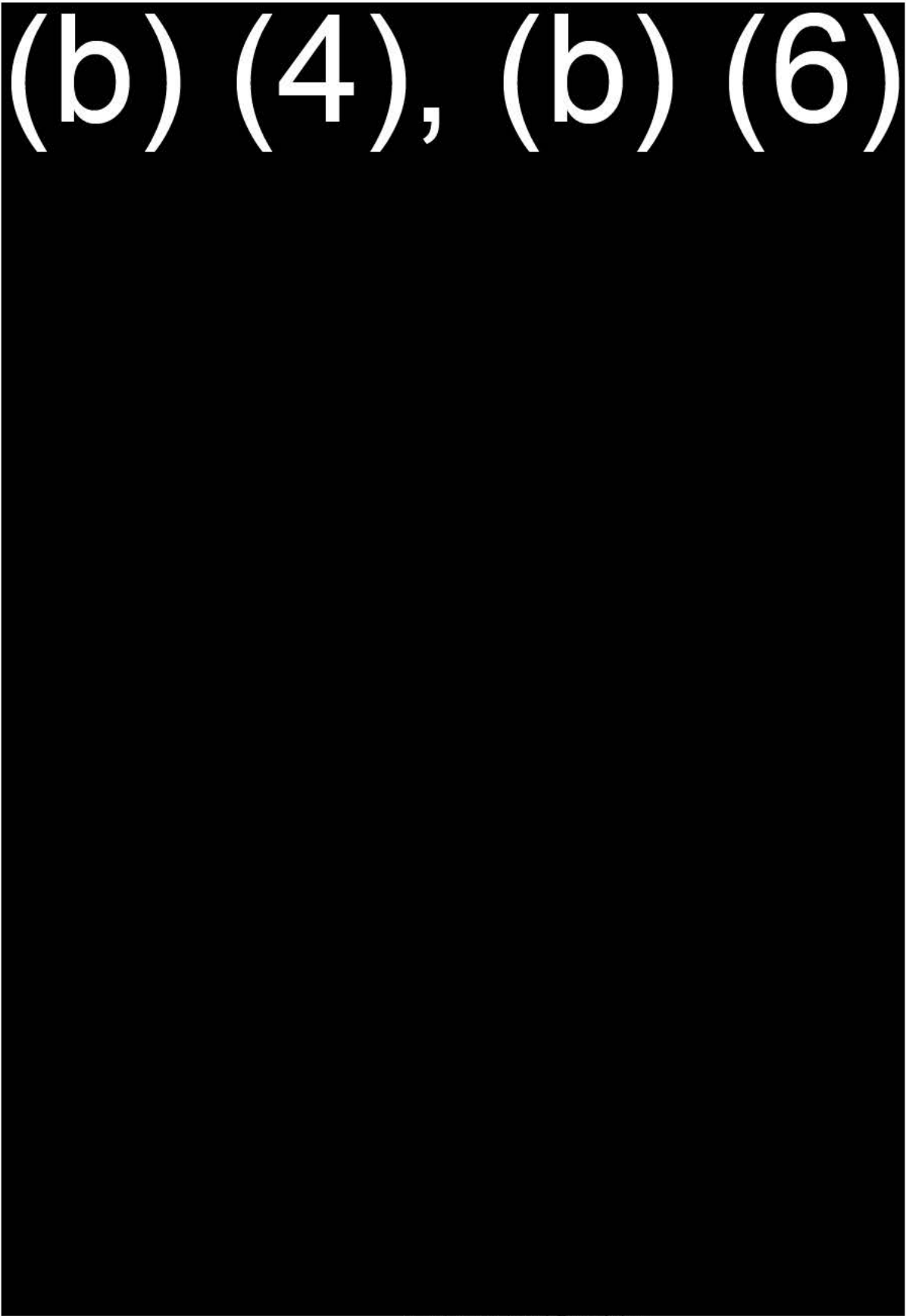
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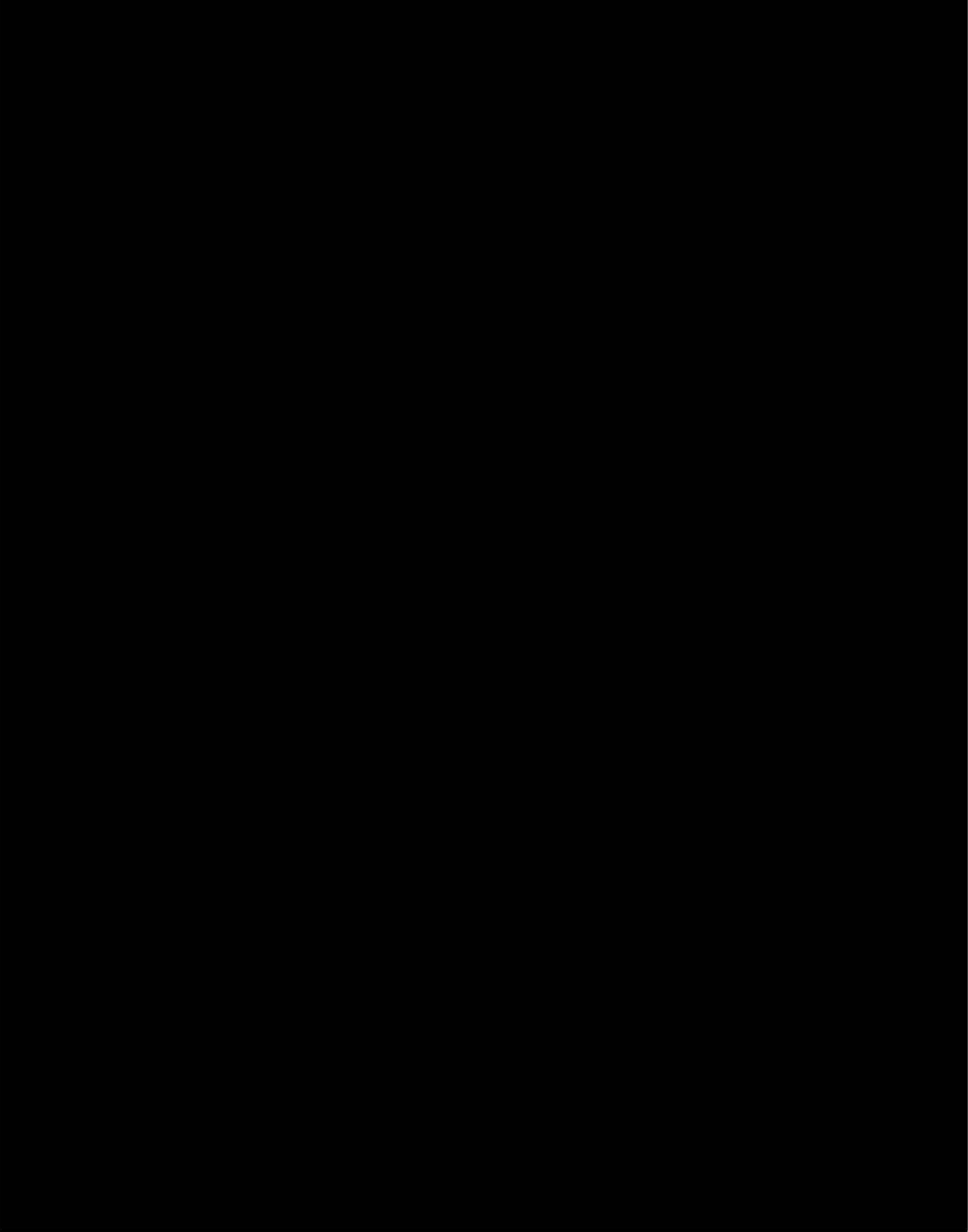
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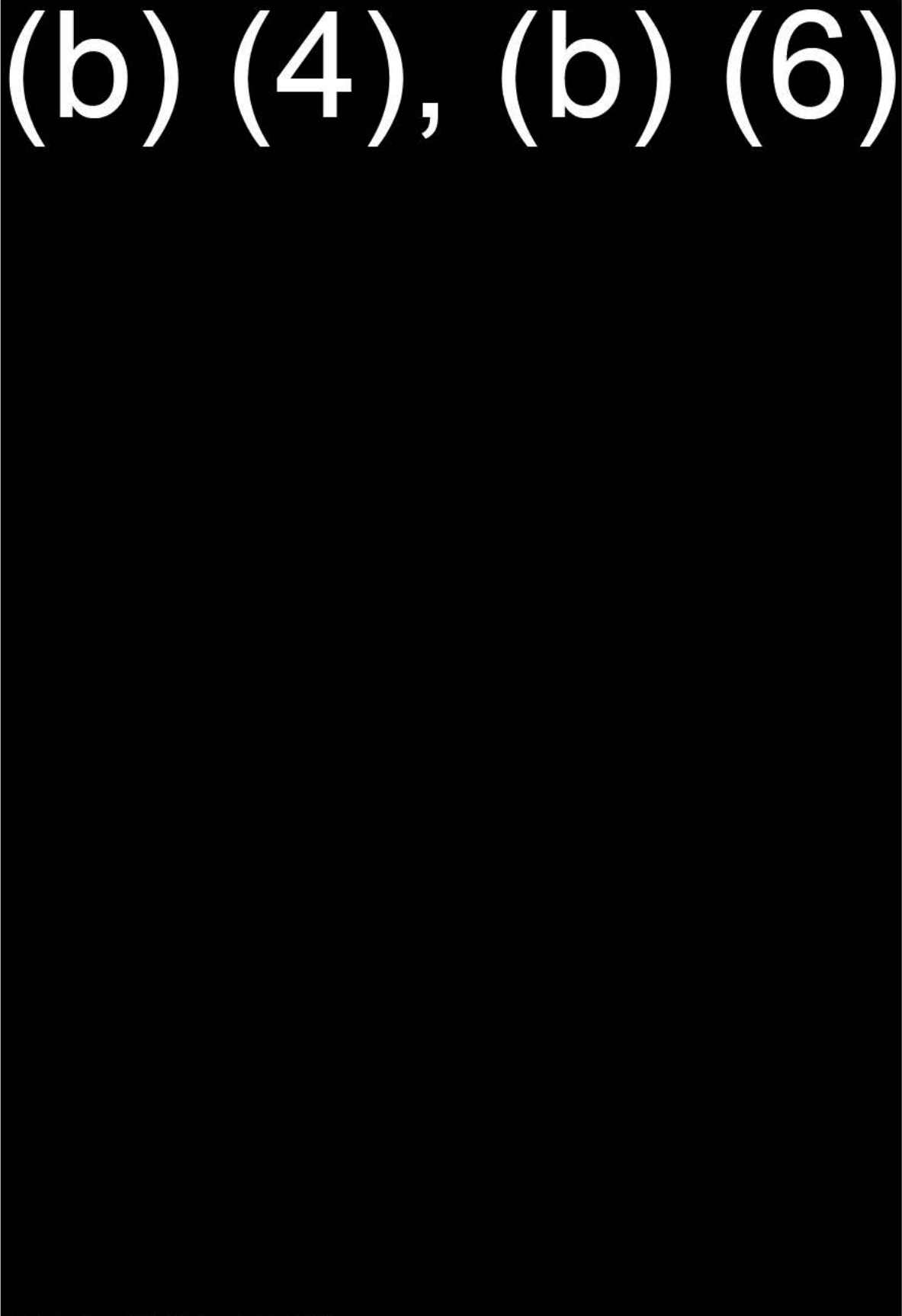
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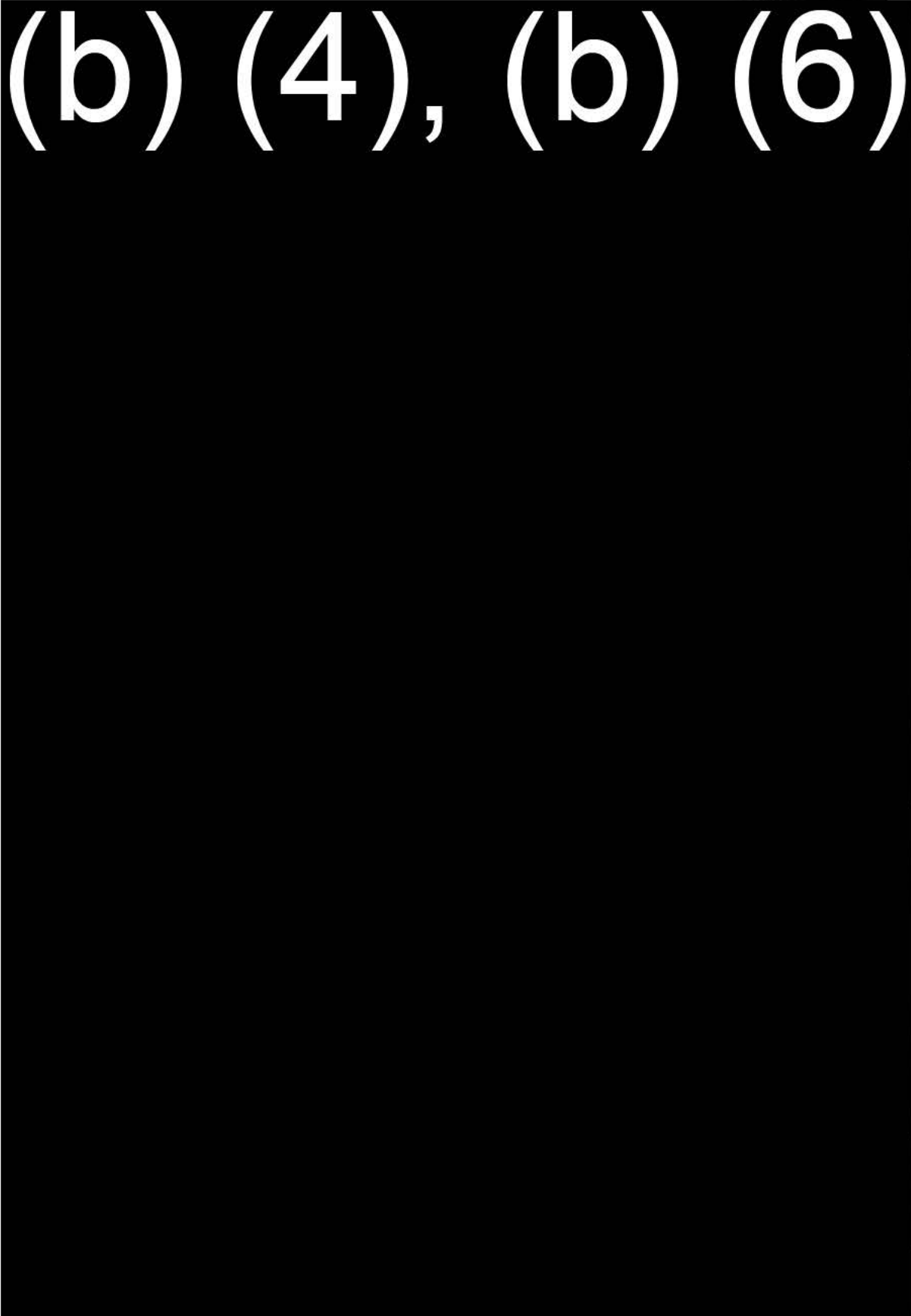
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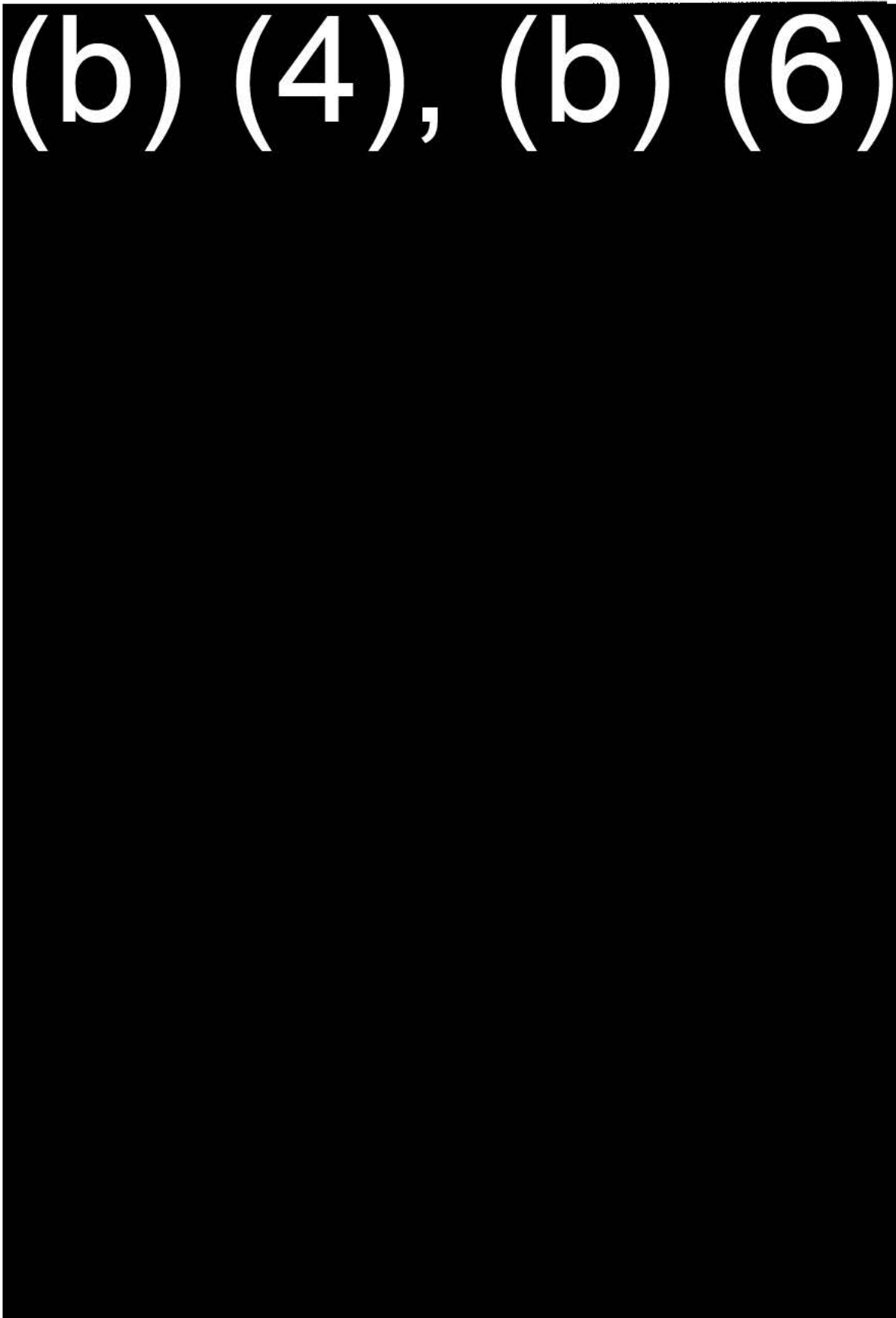
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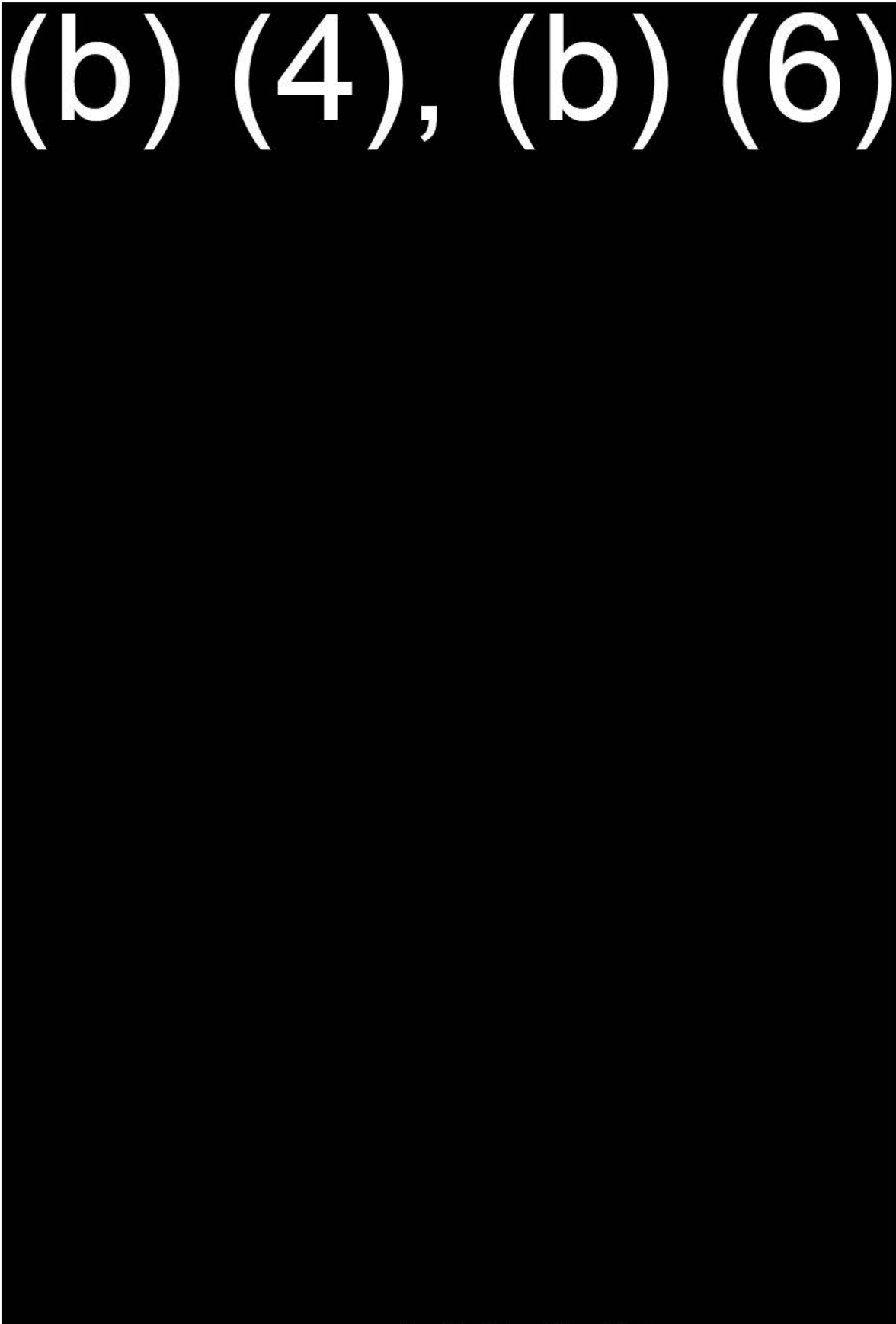
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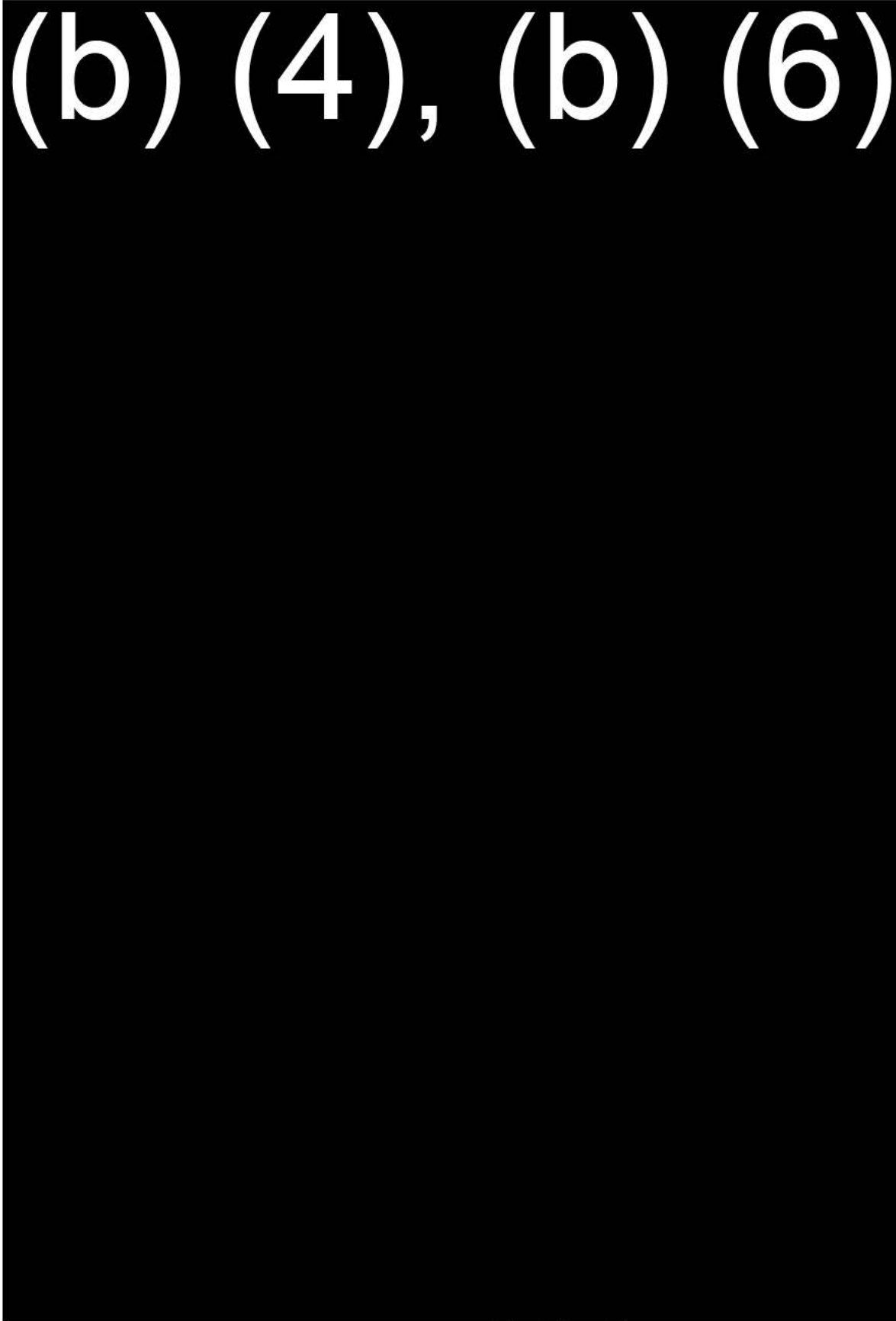
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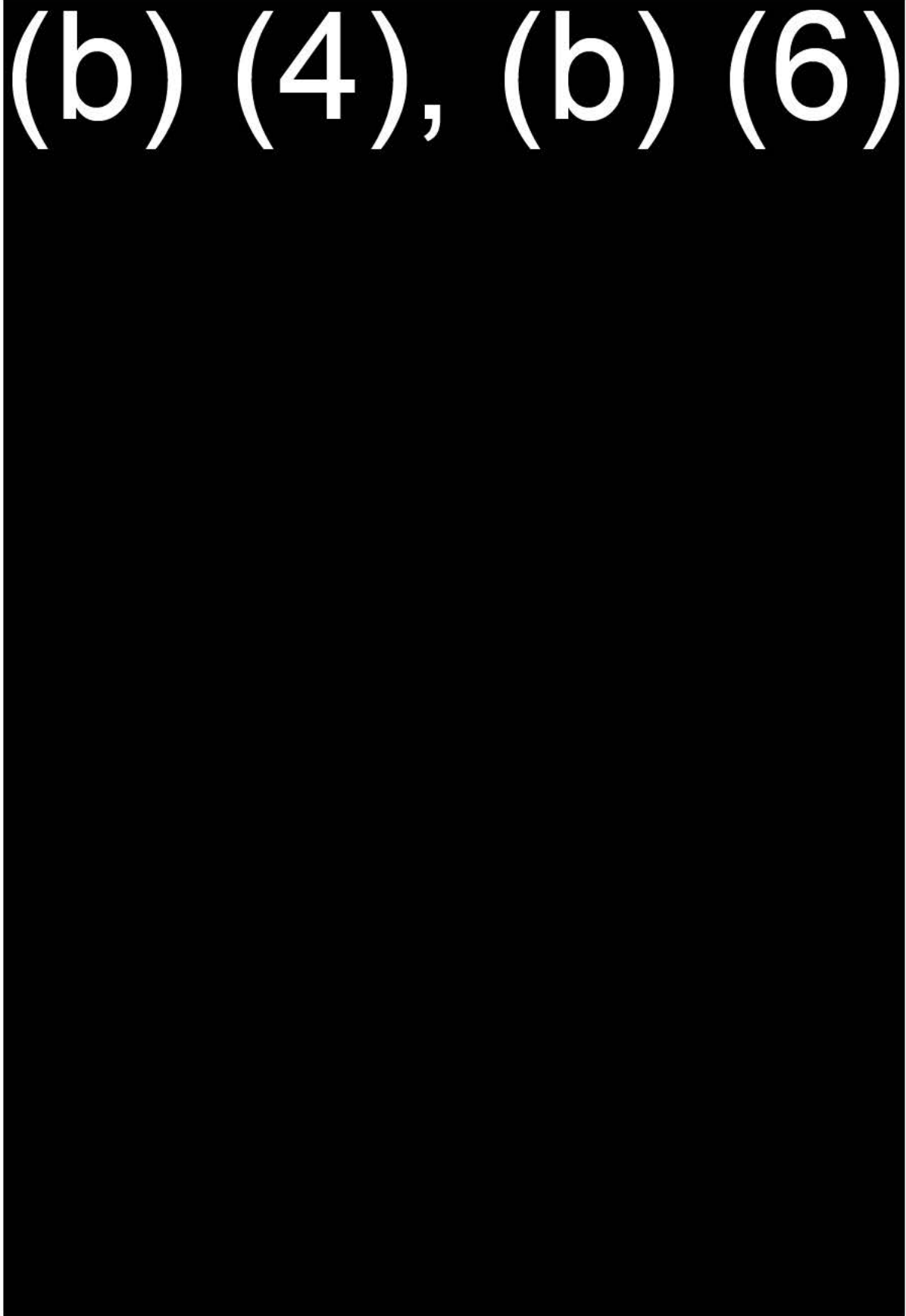
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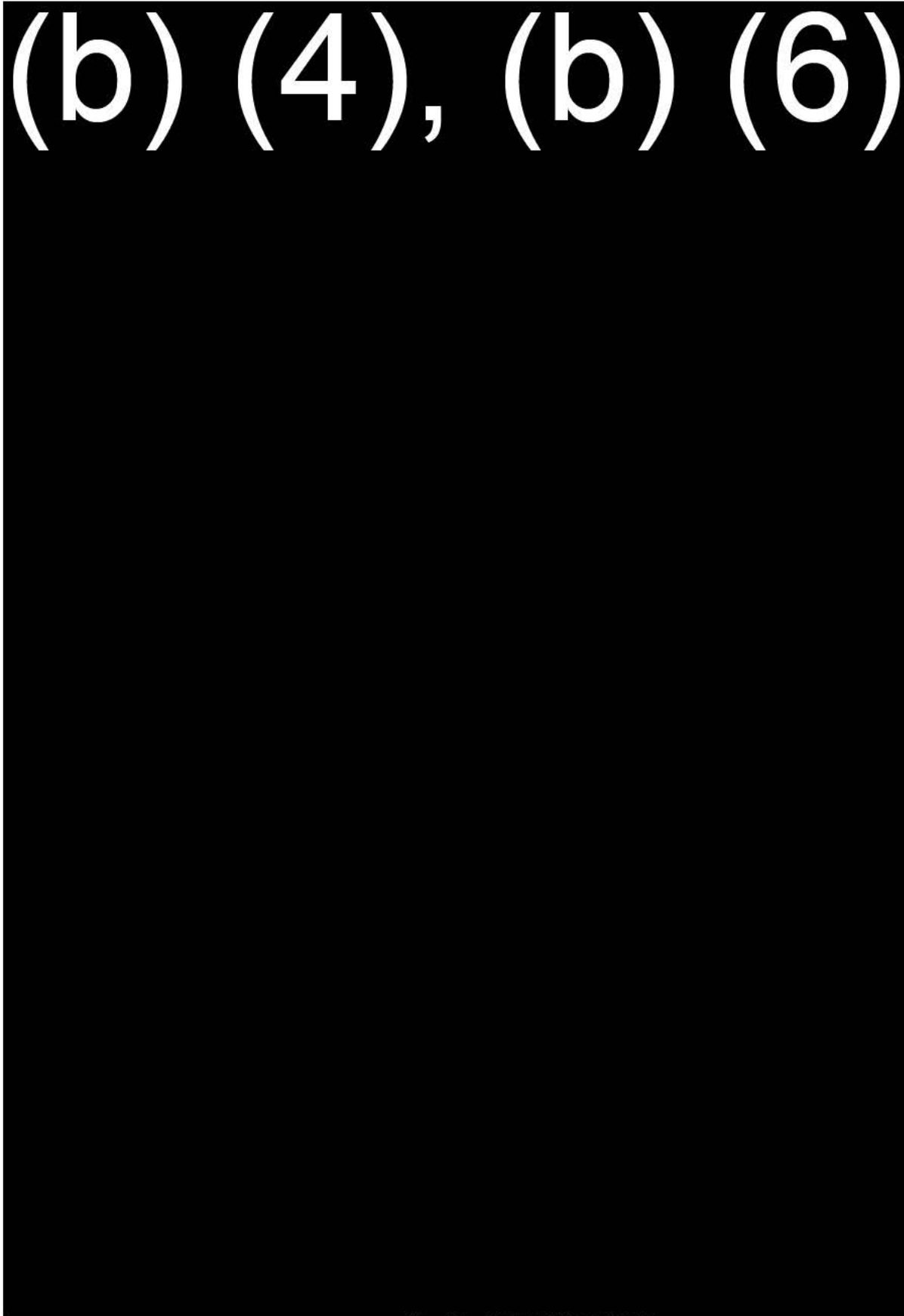
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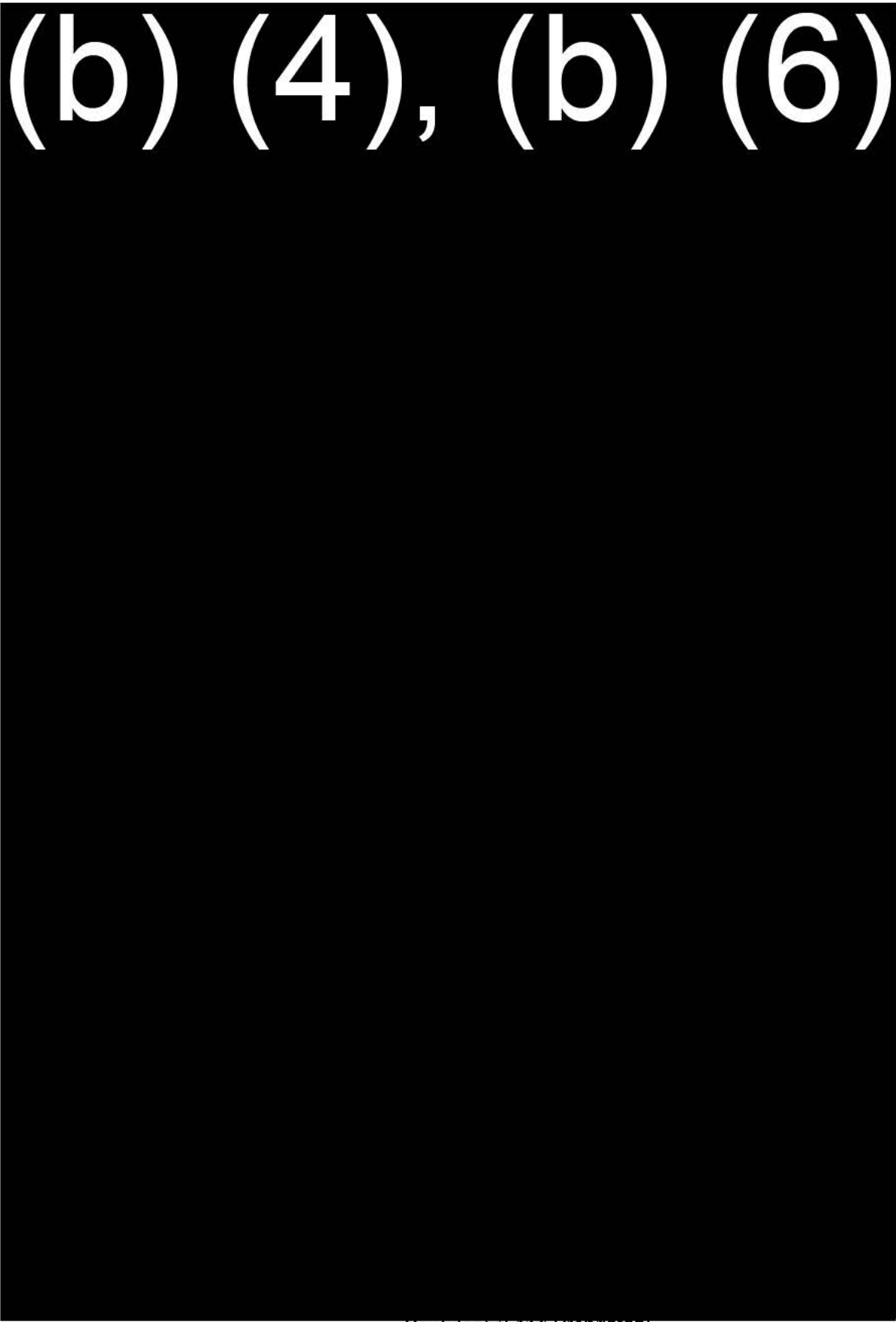
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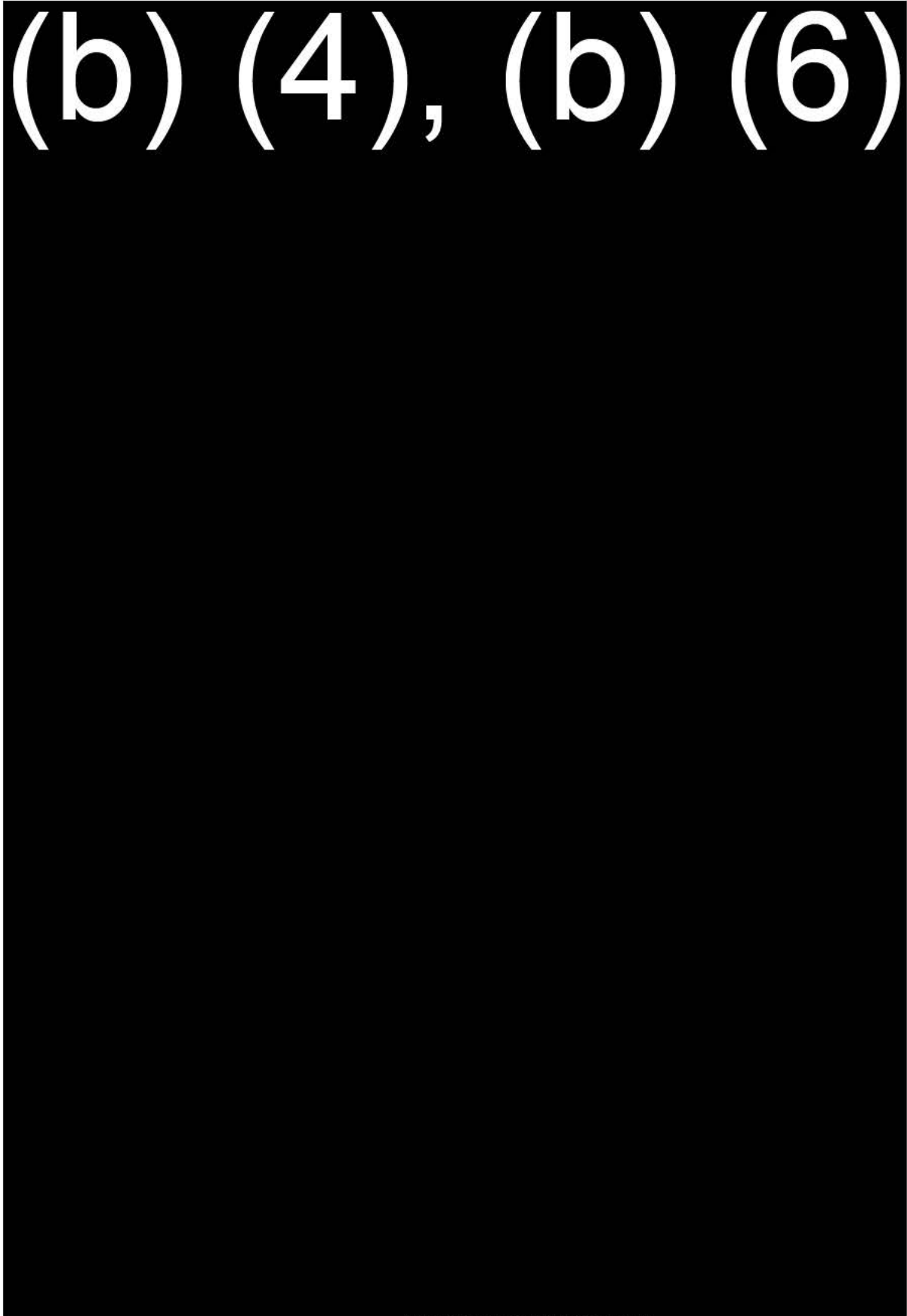
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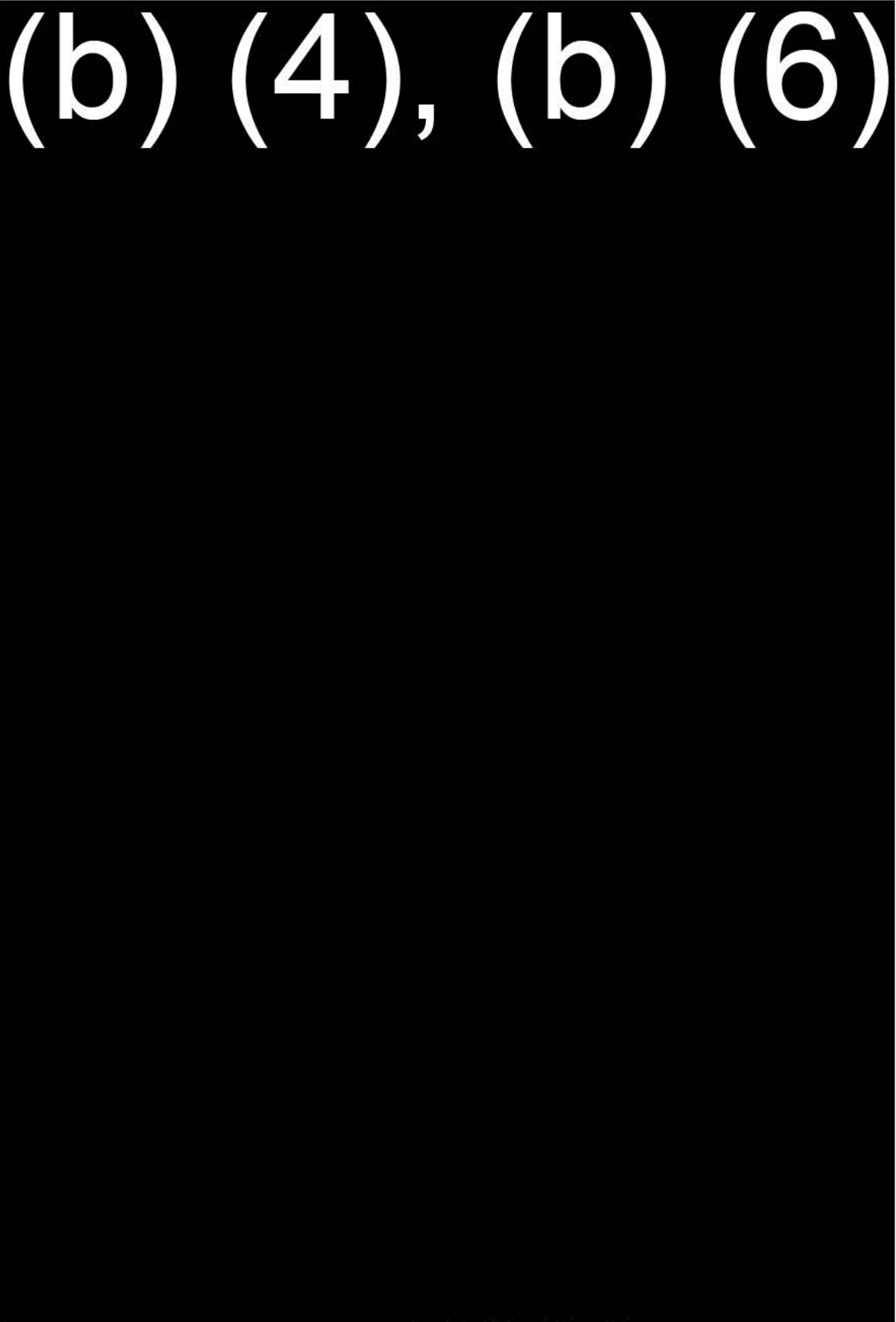
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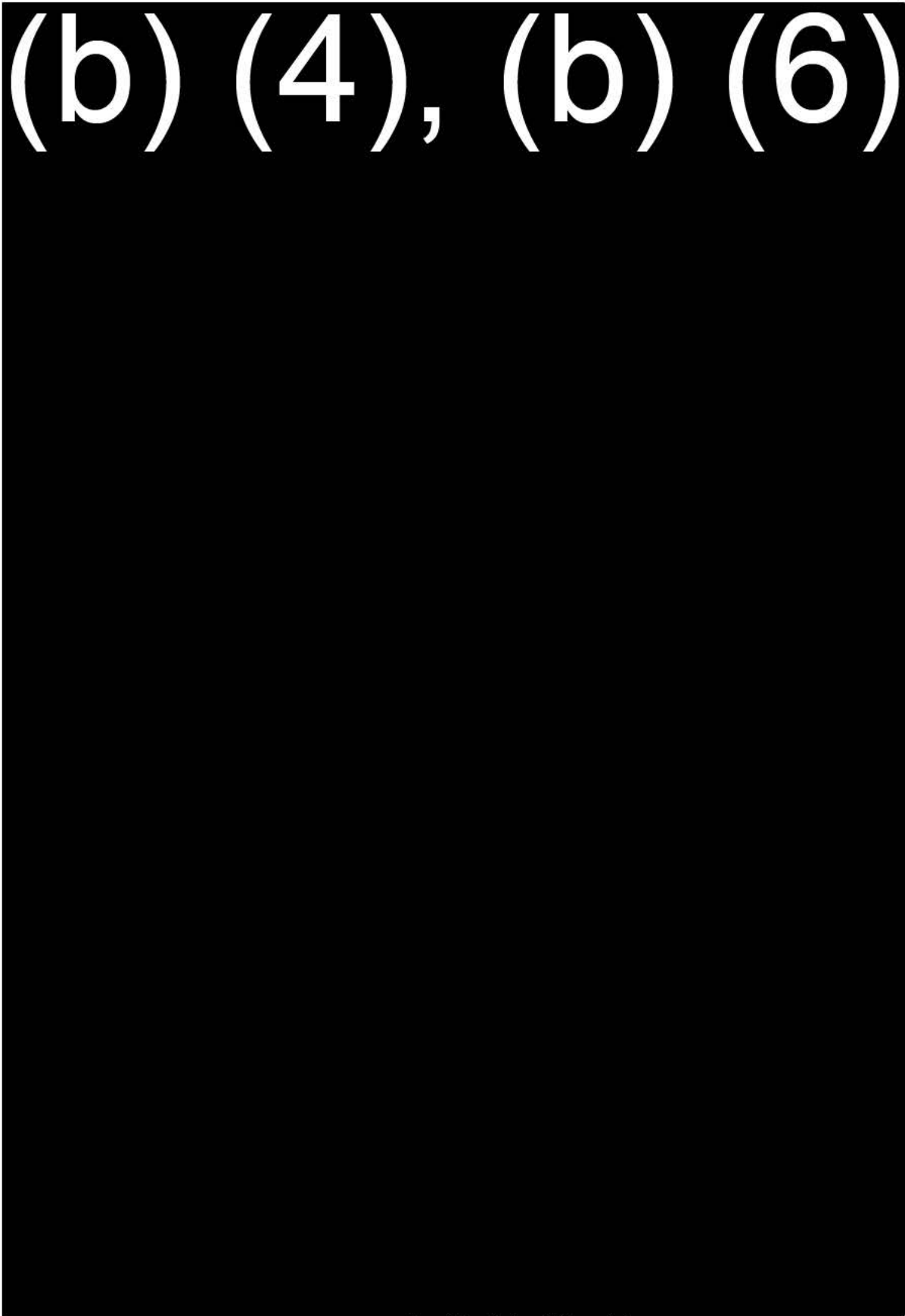
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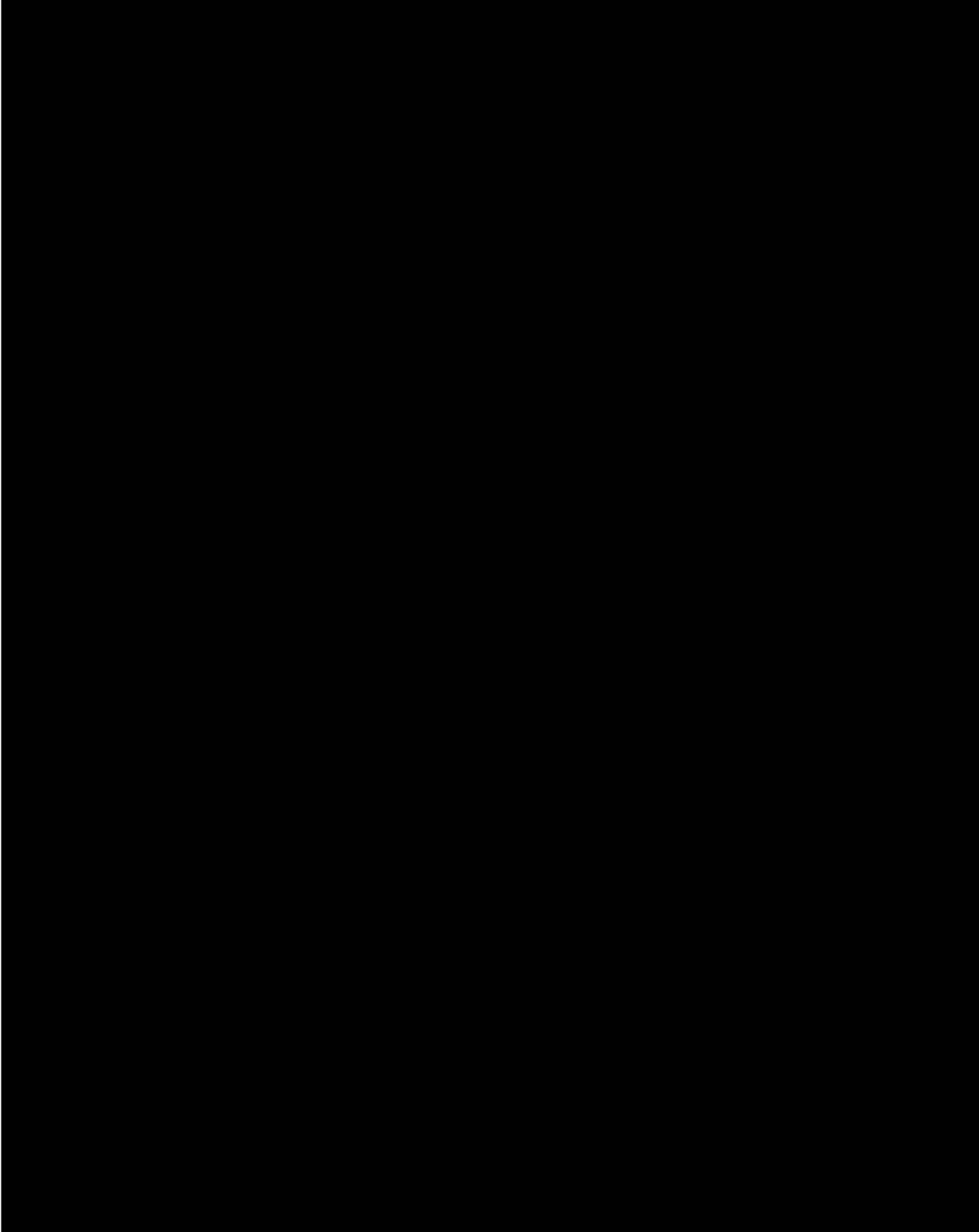
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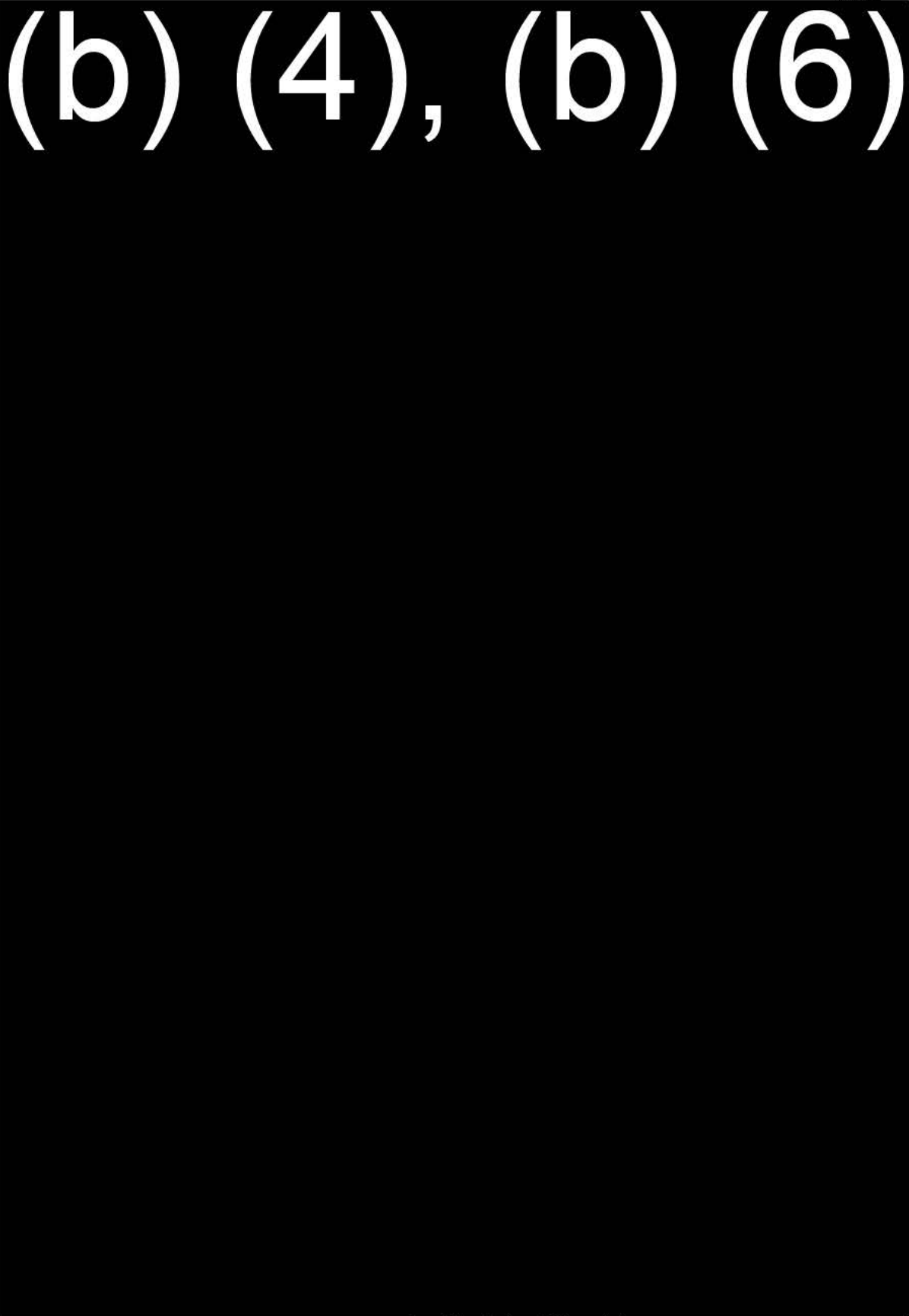
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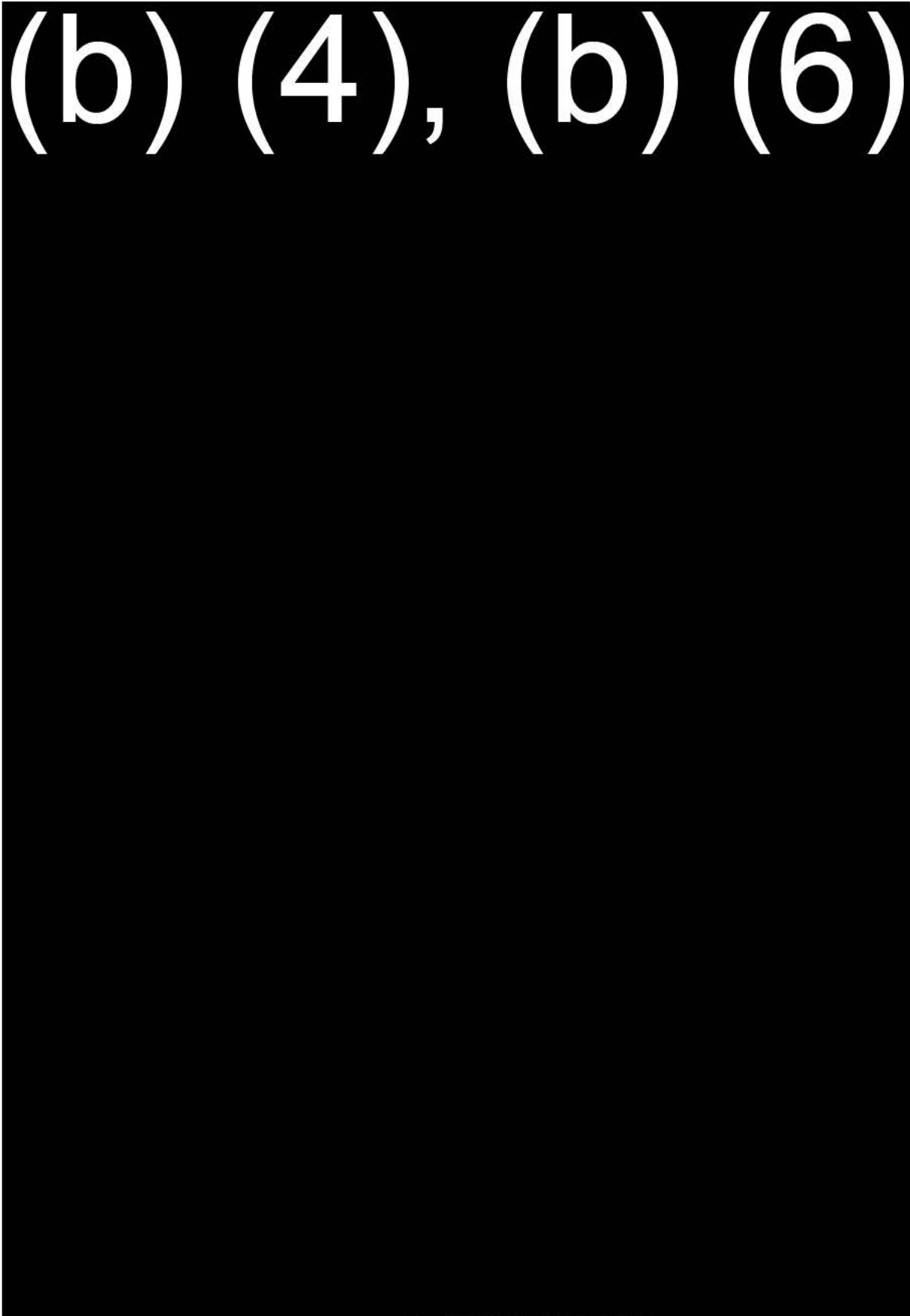
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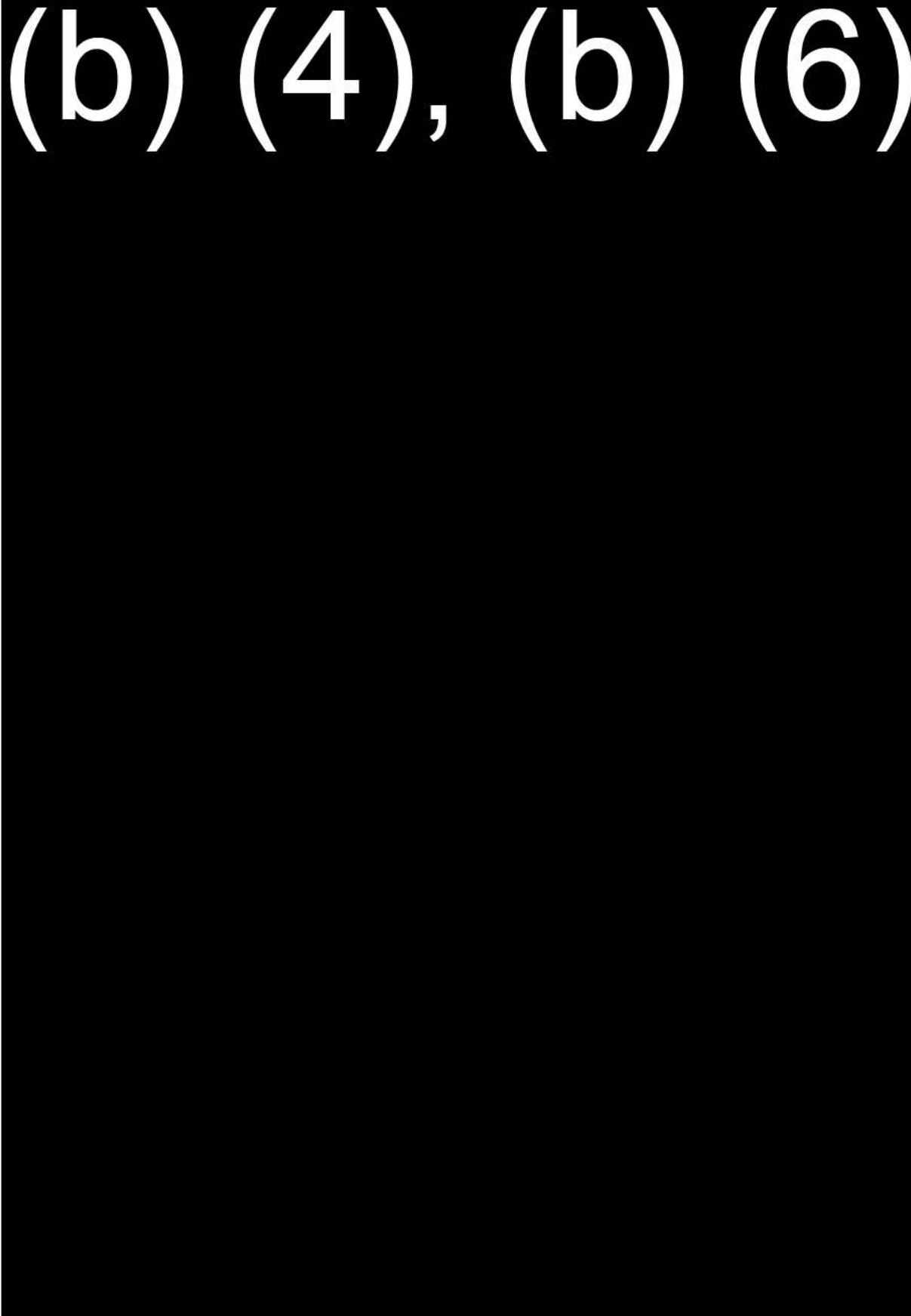
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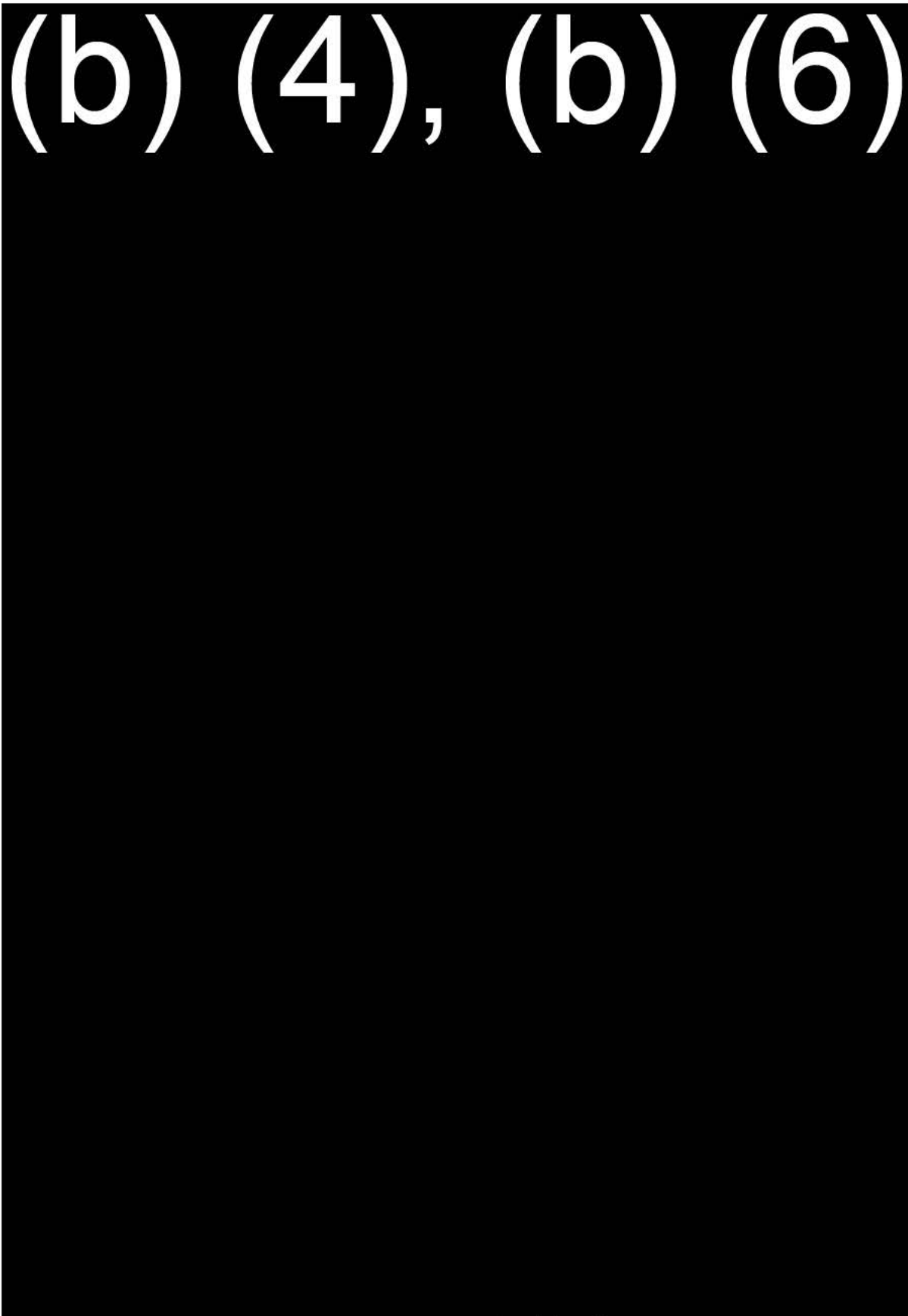


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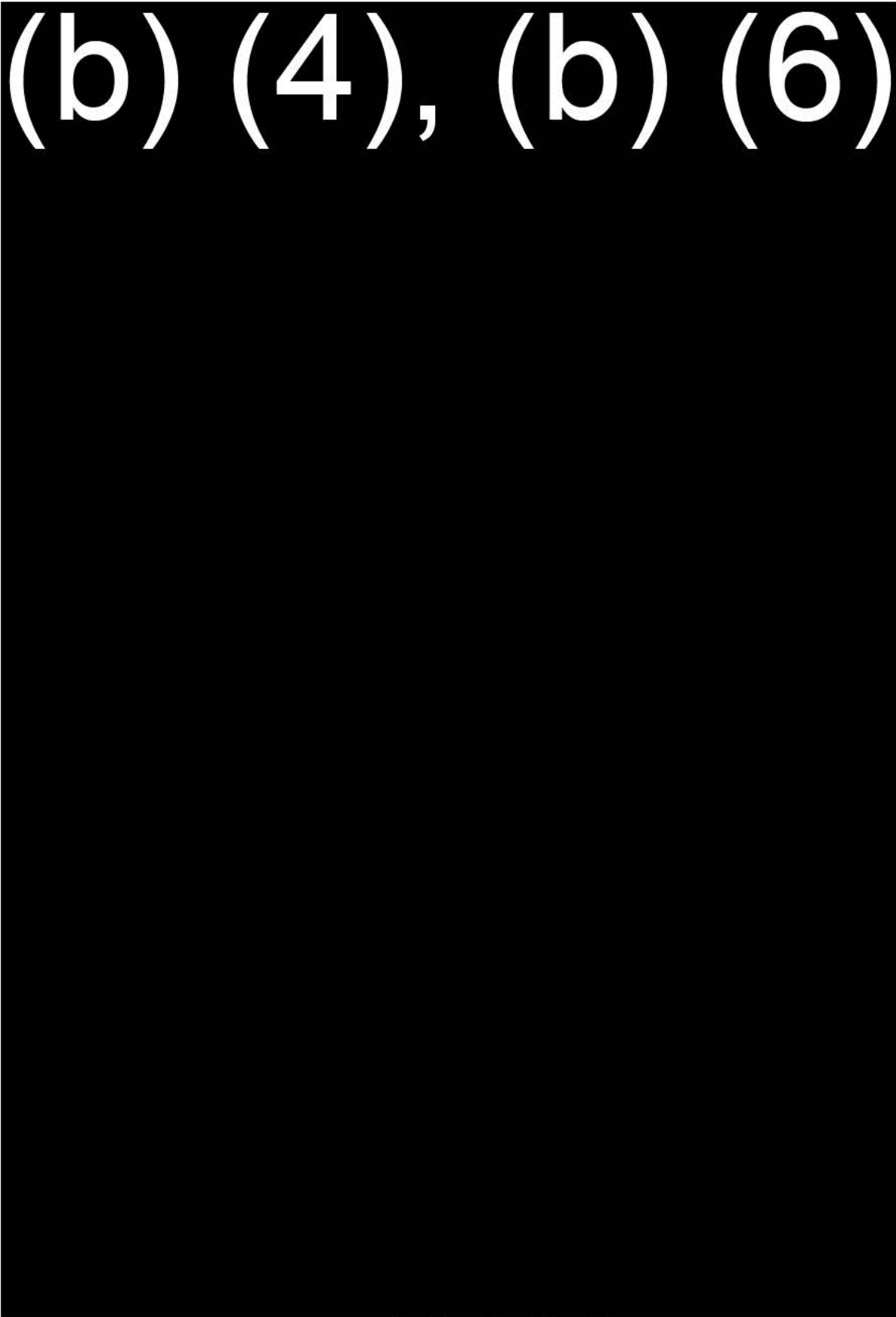


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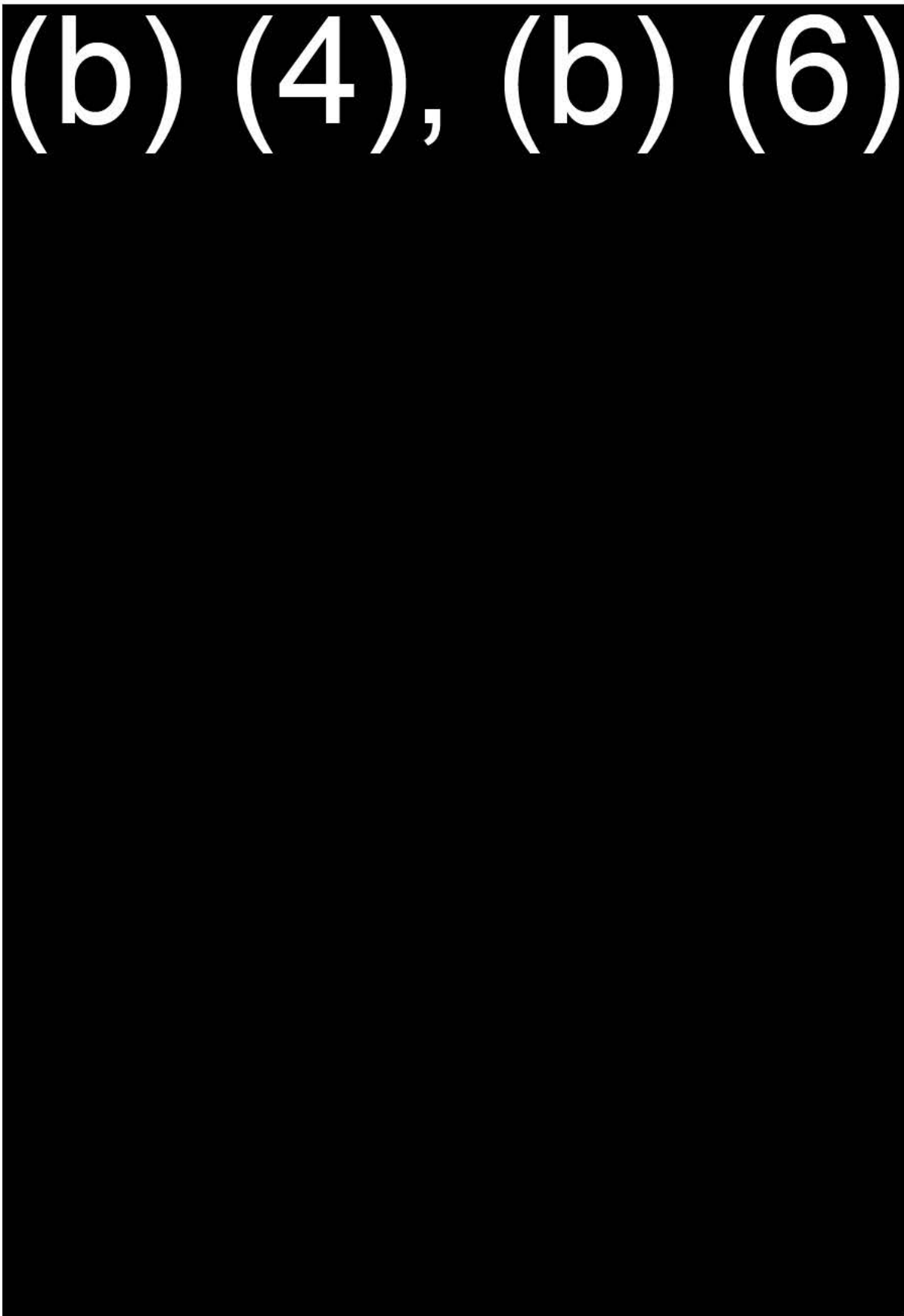
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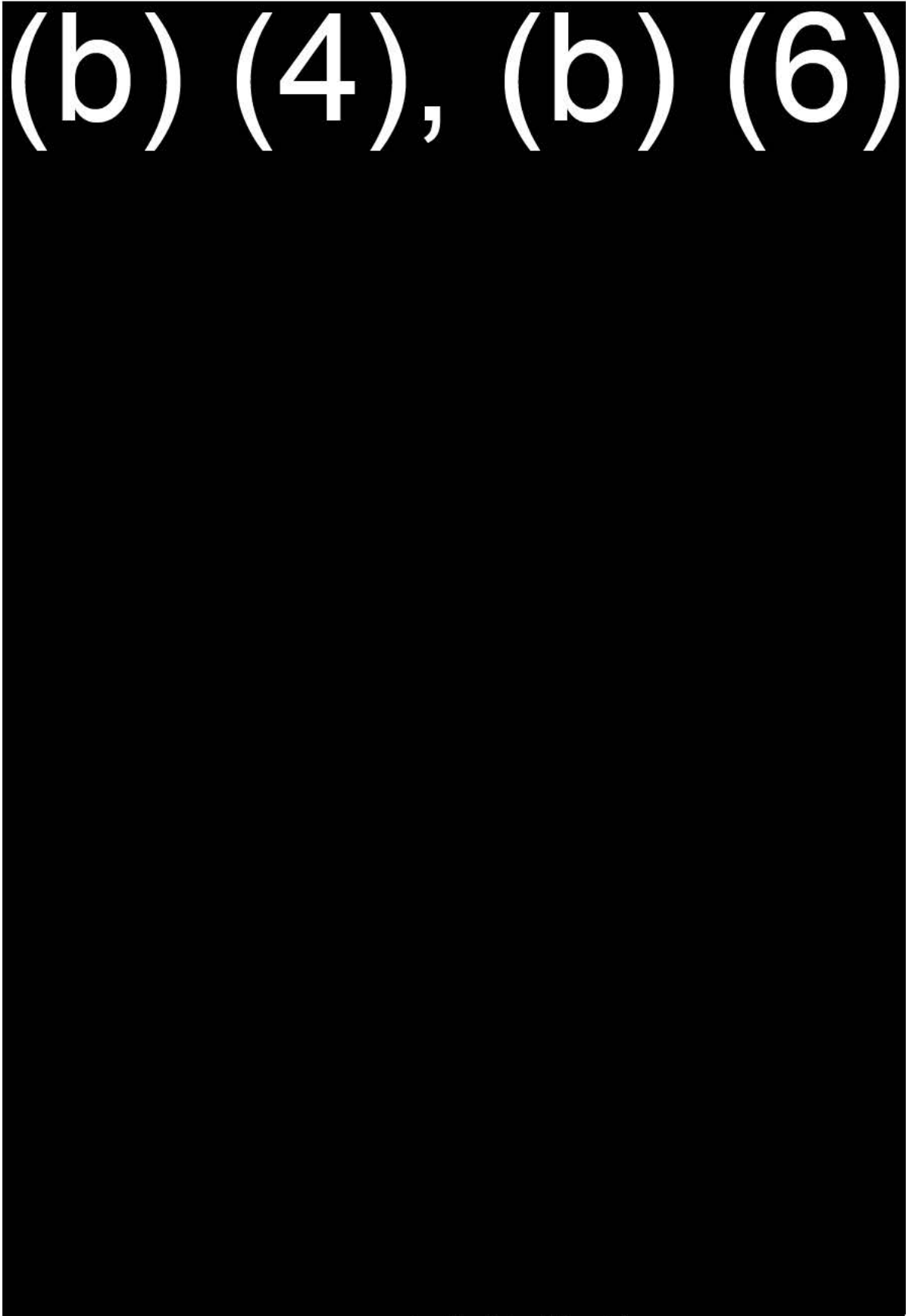
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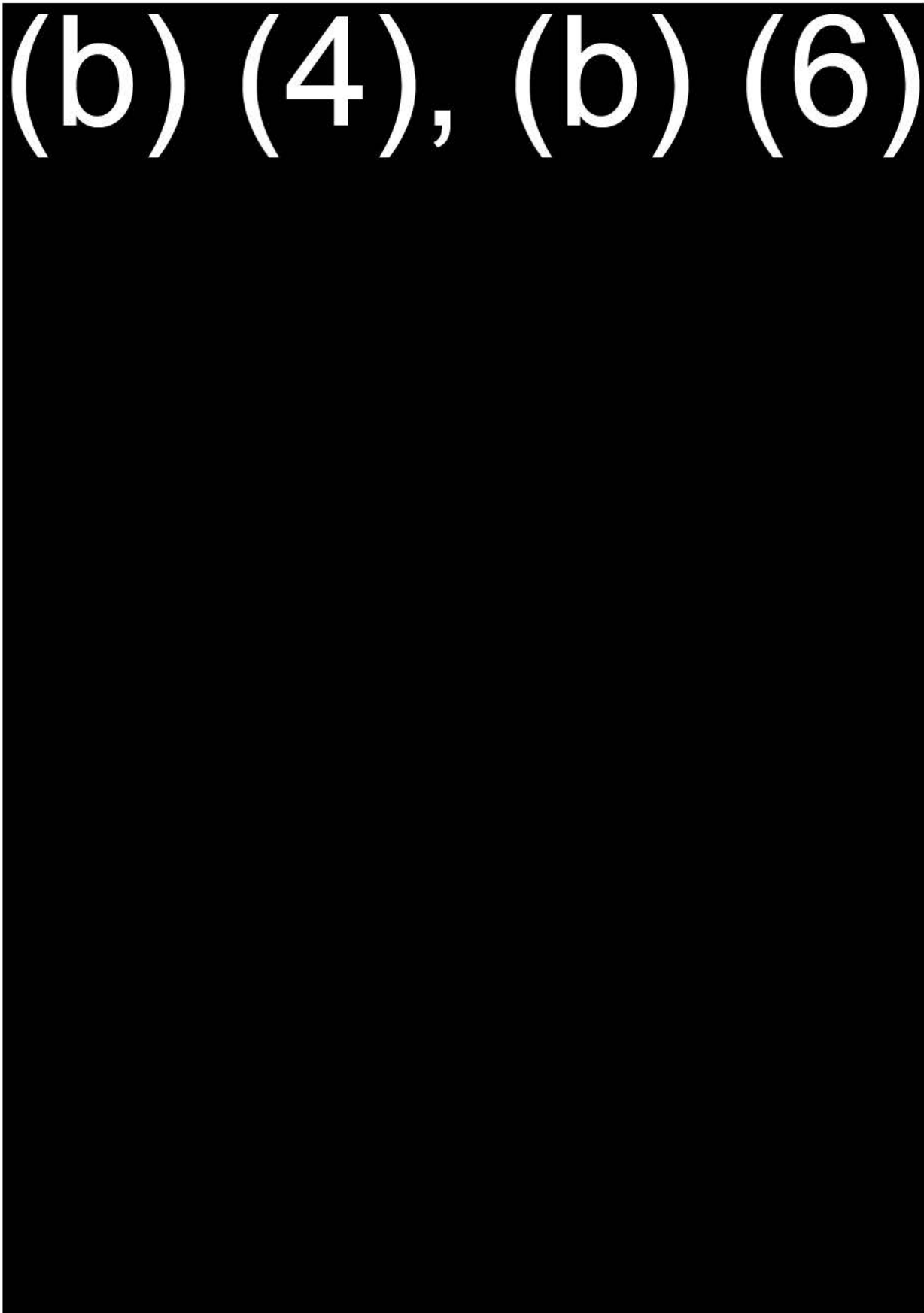
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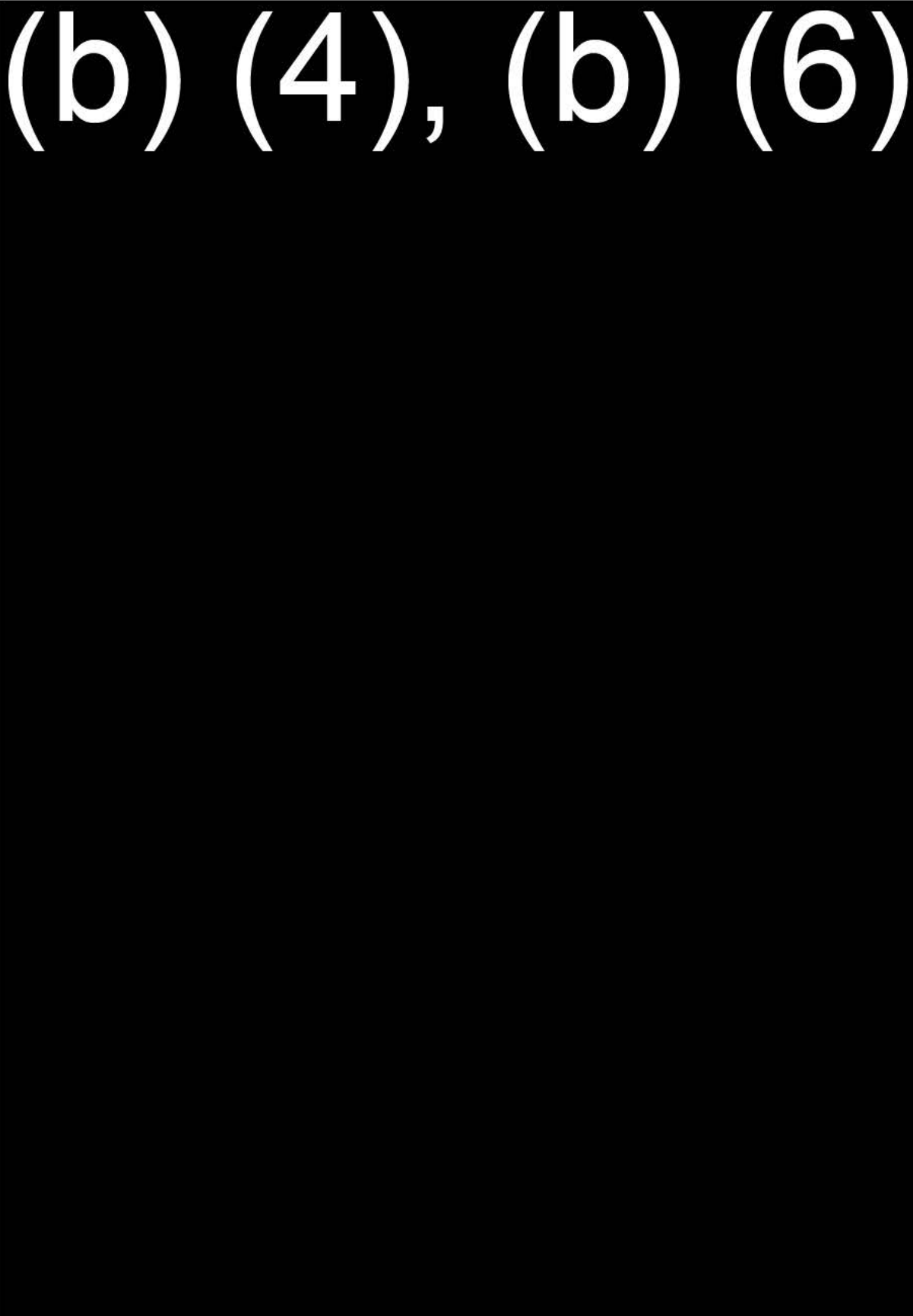
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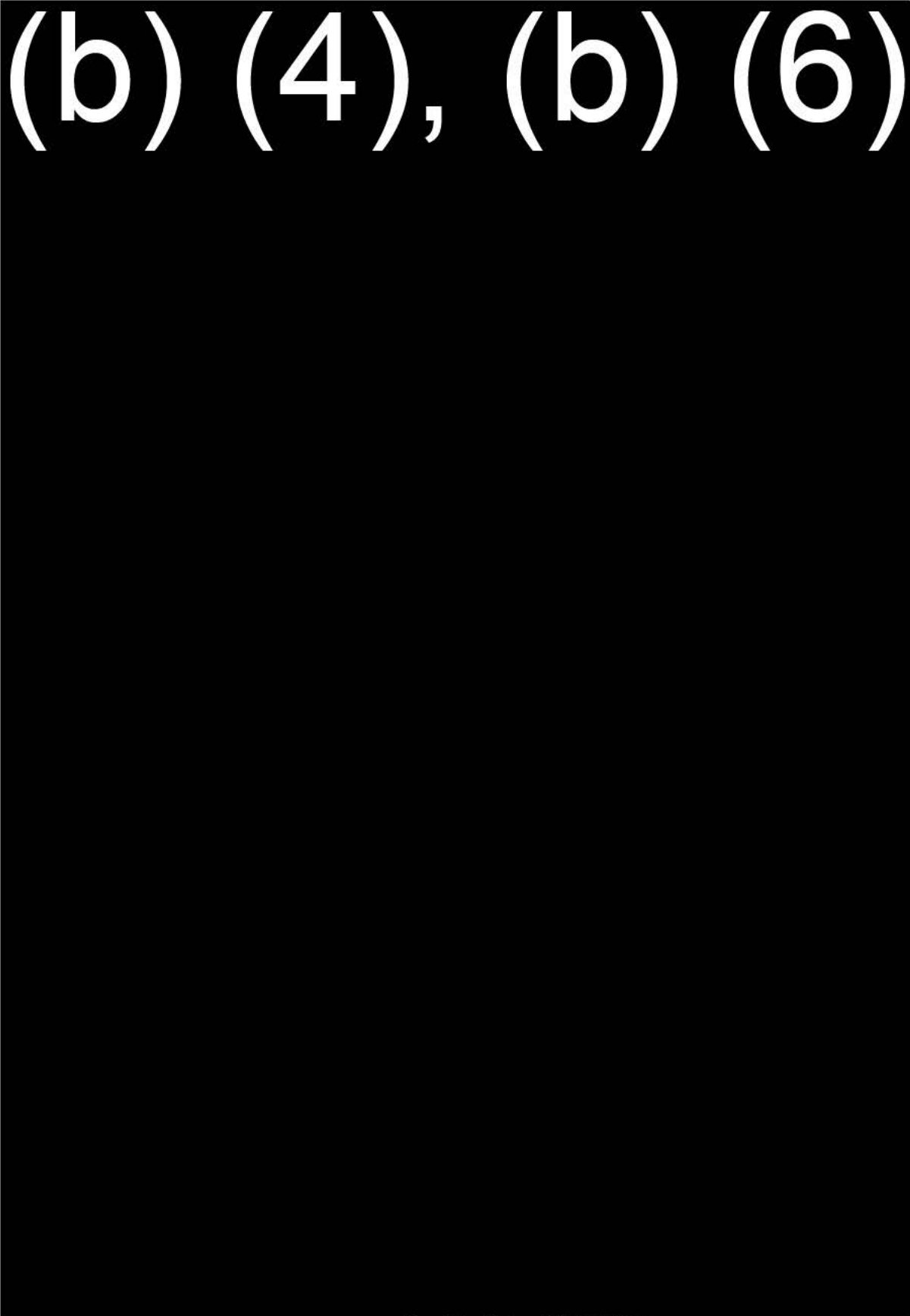
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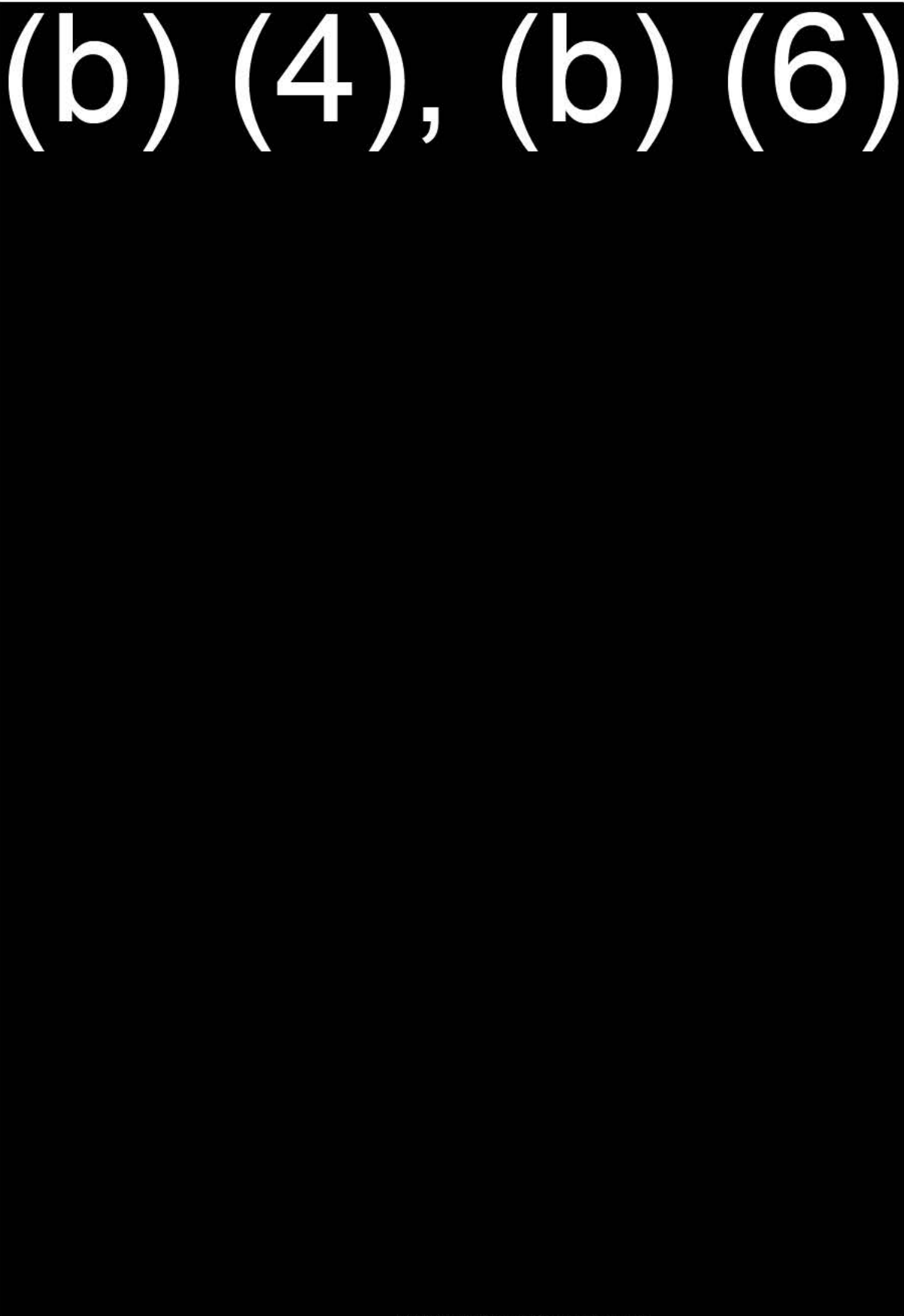
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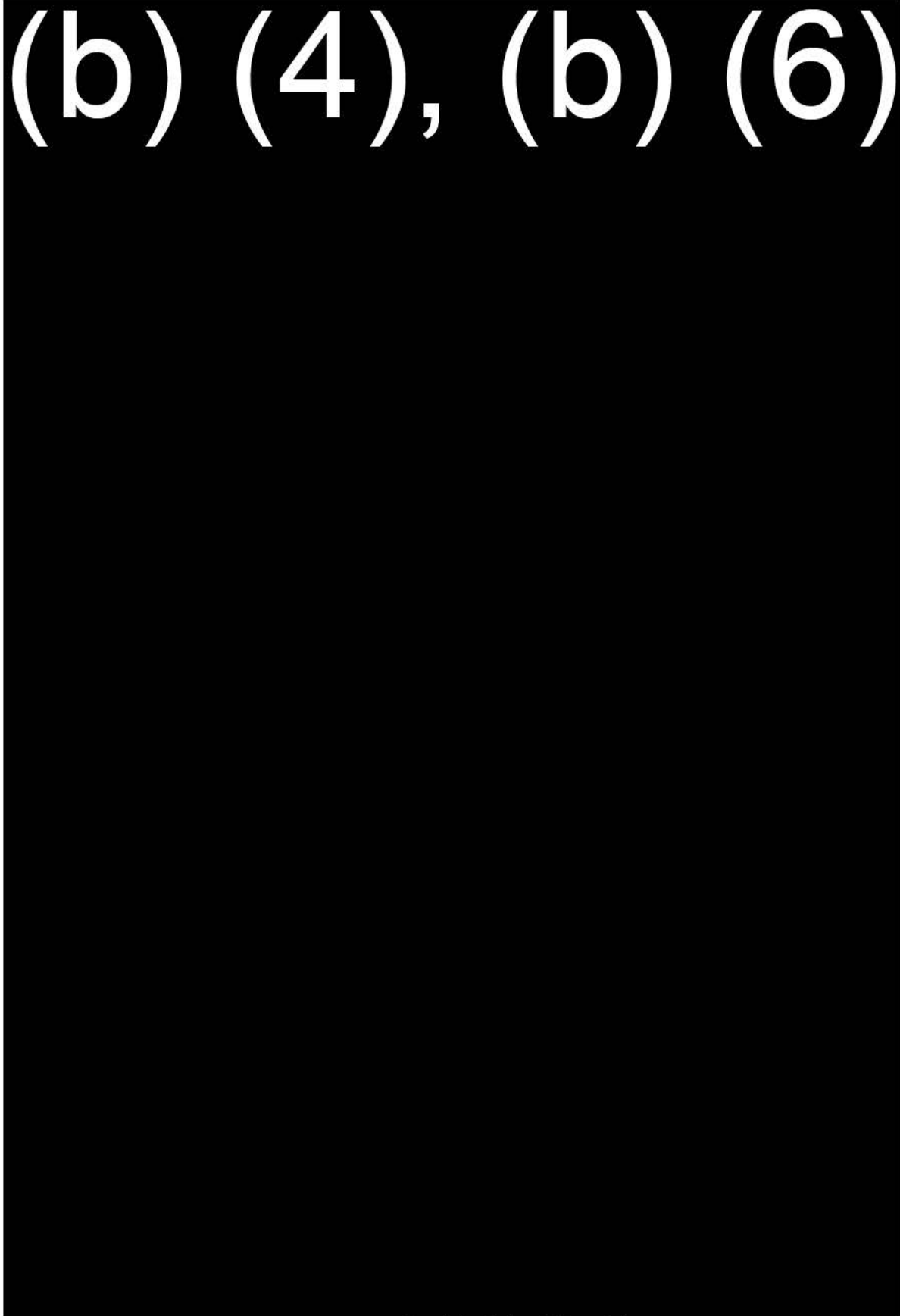
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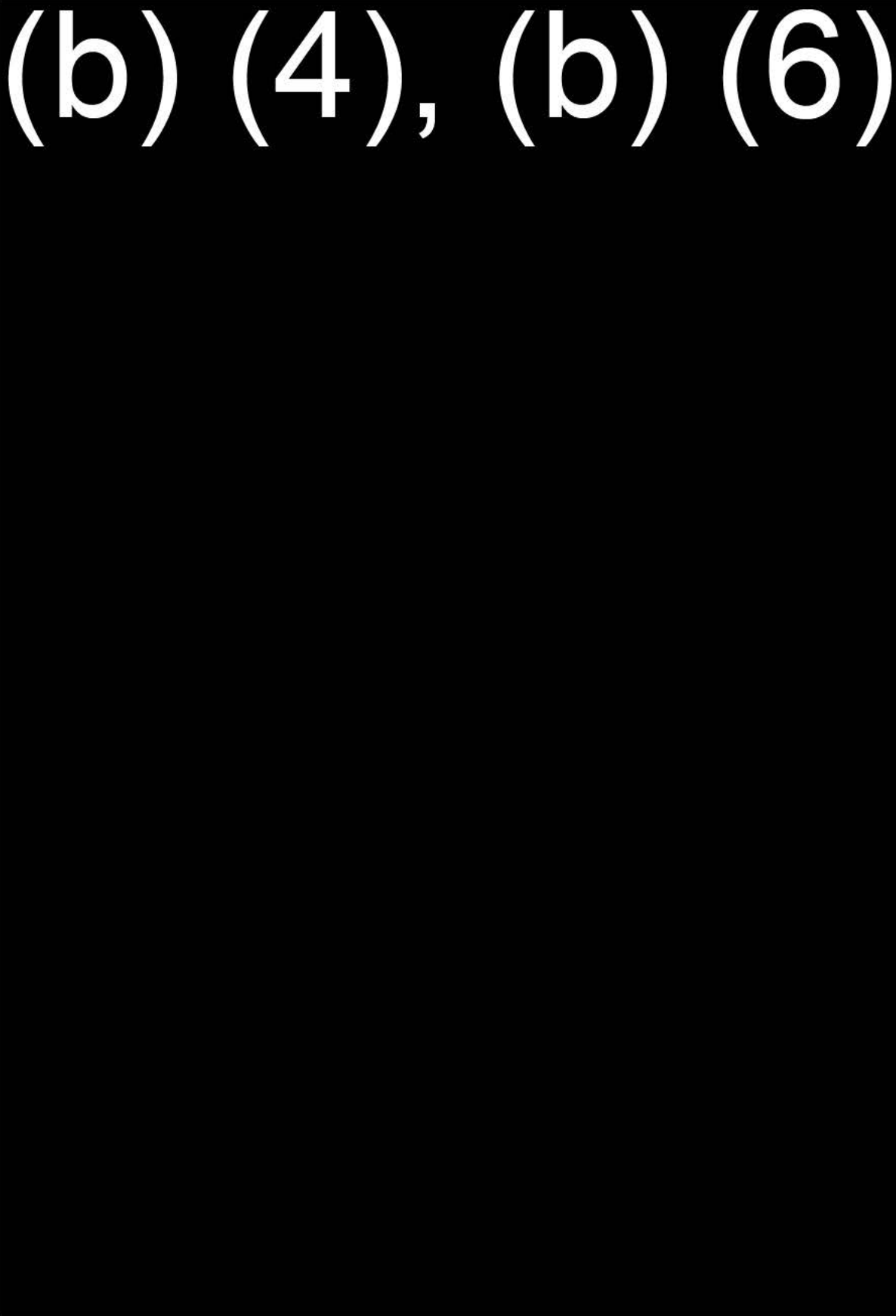
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Resolution of Delinquent Student Loan Accounts: SAT or UNSAT

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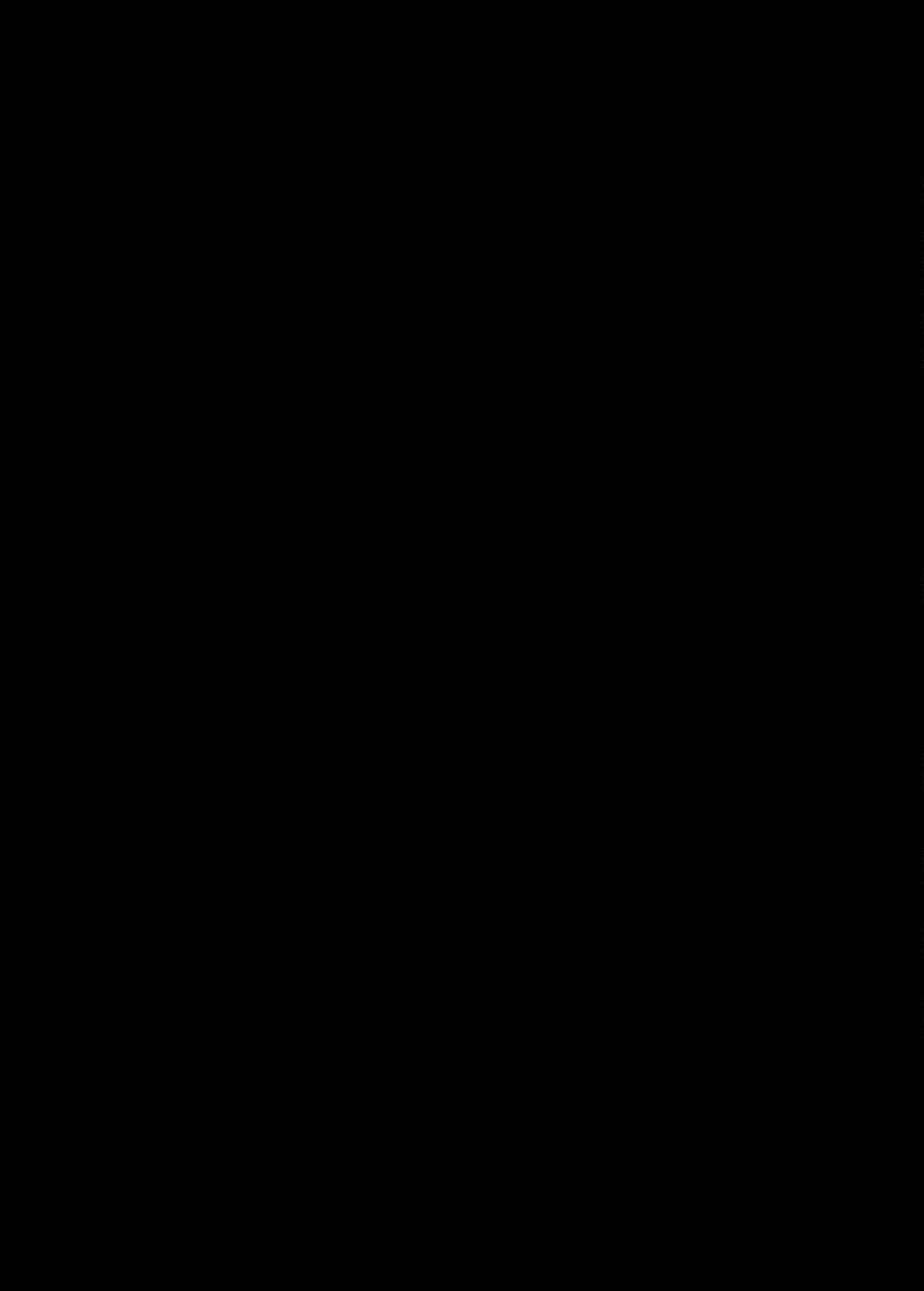
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SAC 2

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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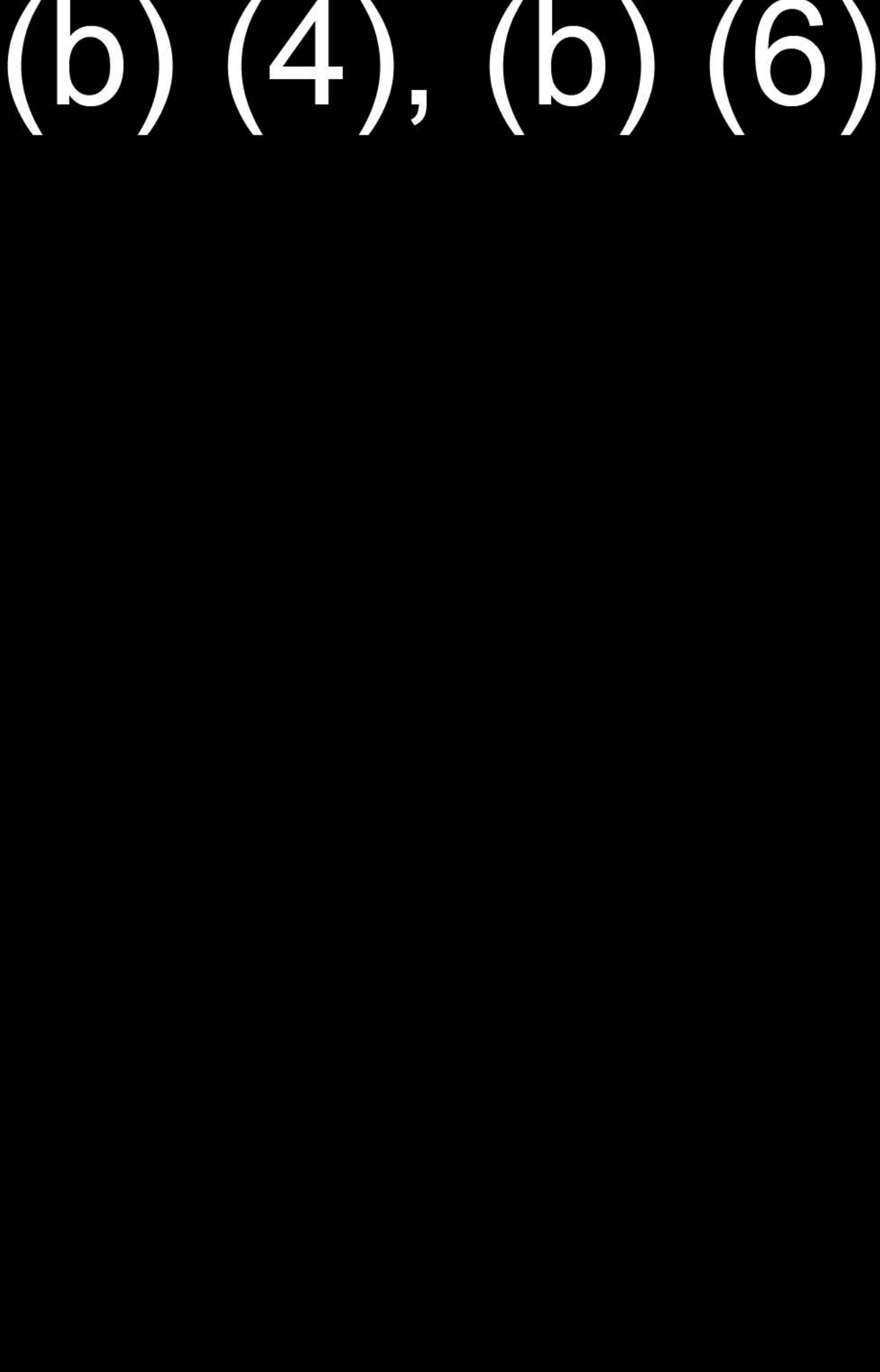
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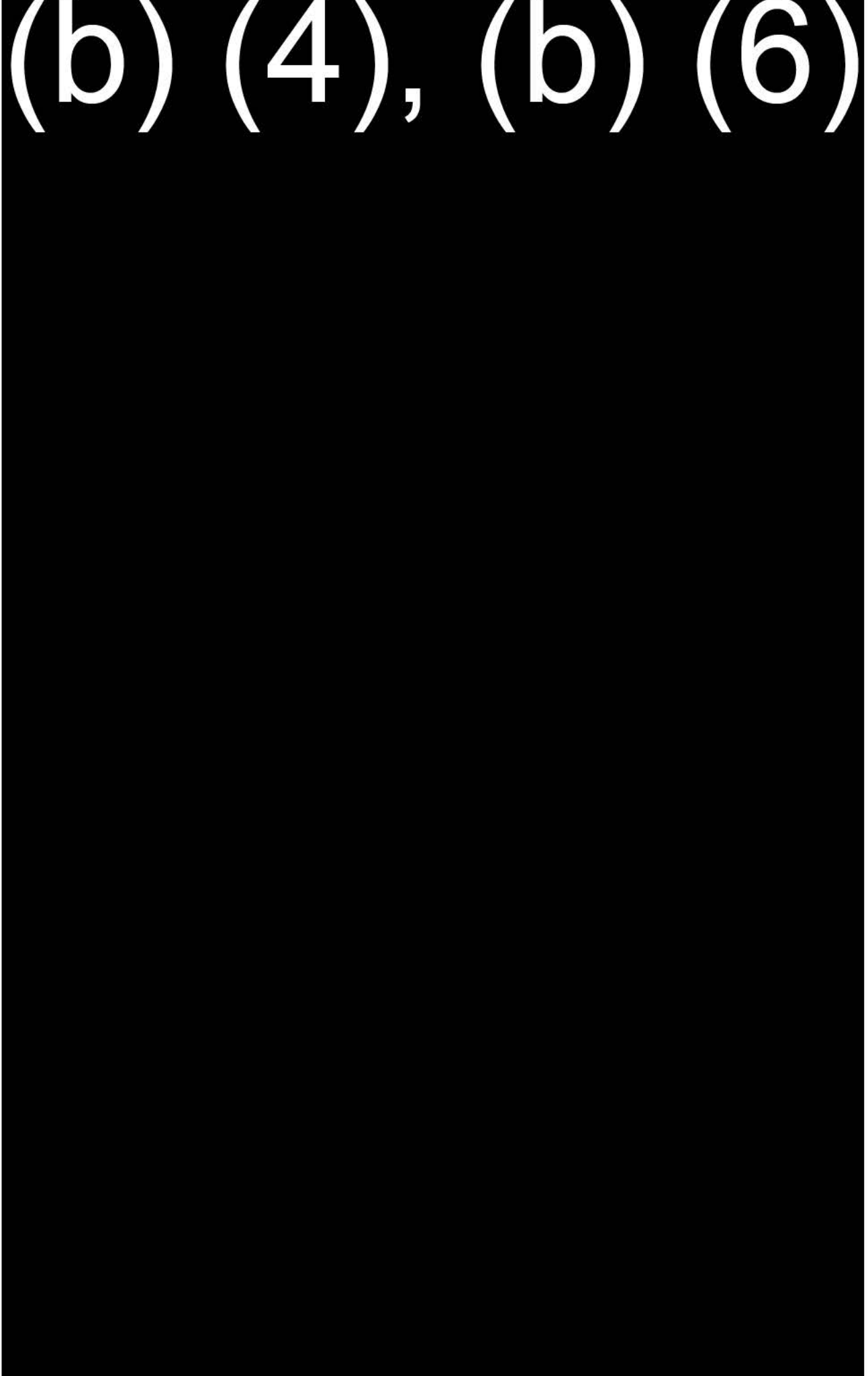
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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

(b) (4), (b) (6)

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Student Assistance Corporation August 30, 2005 Response to DOE OIG Subpoena

(b) (4), (b) (6)

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

(b) (4), (b) (6)

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Name
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First Term Date
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Current Street Address
Current City and State
Current Zip Code
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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

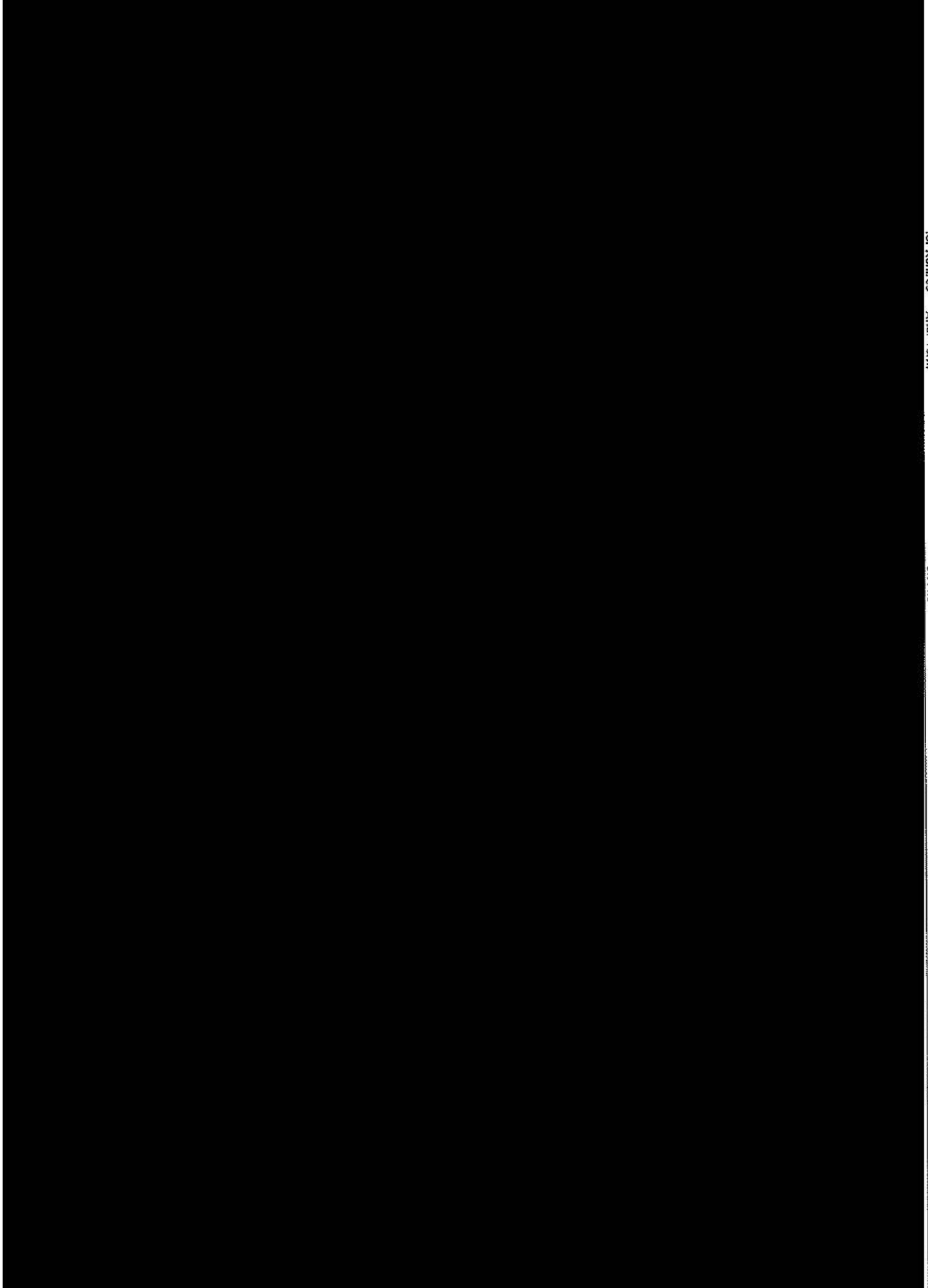
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Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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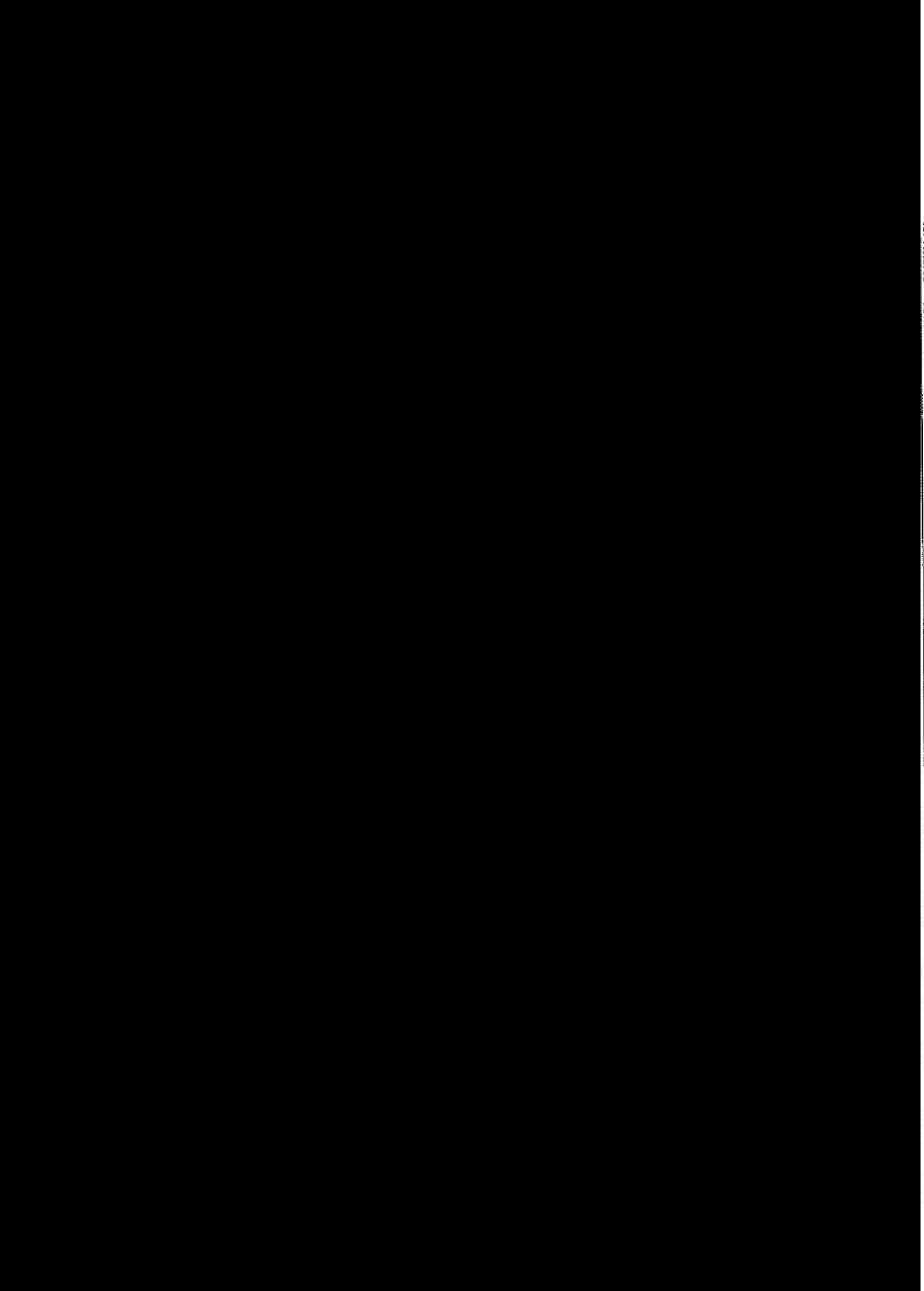
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(b) (4), (b) (6)



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 Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

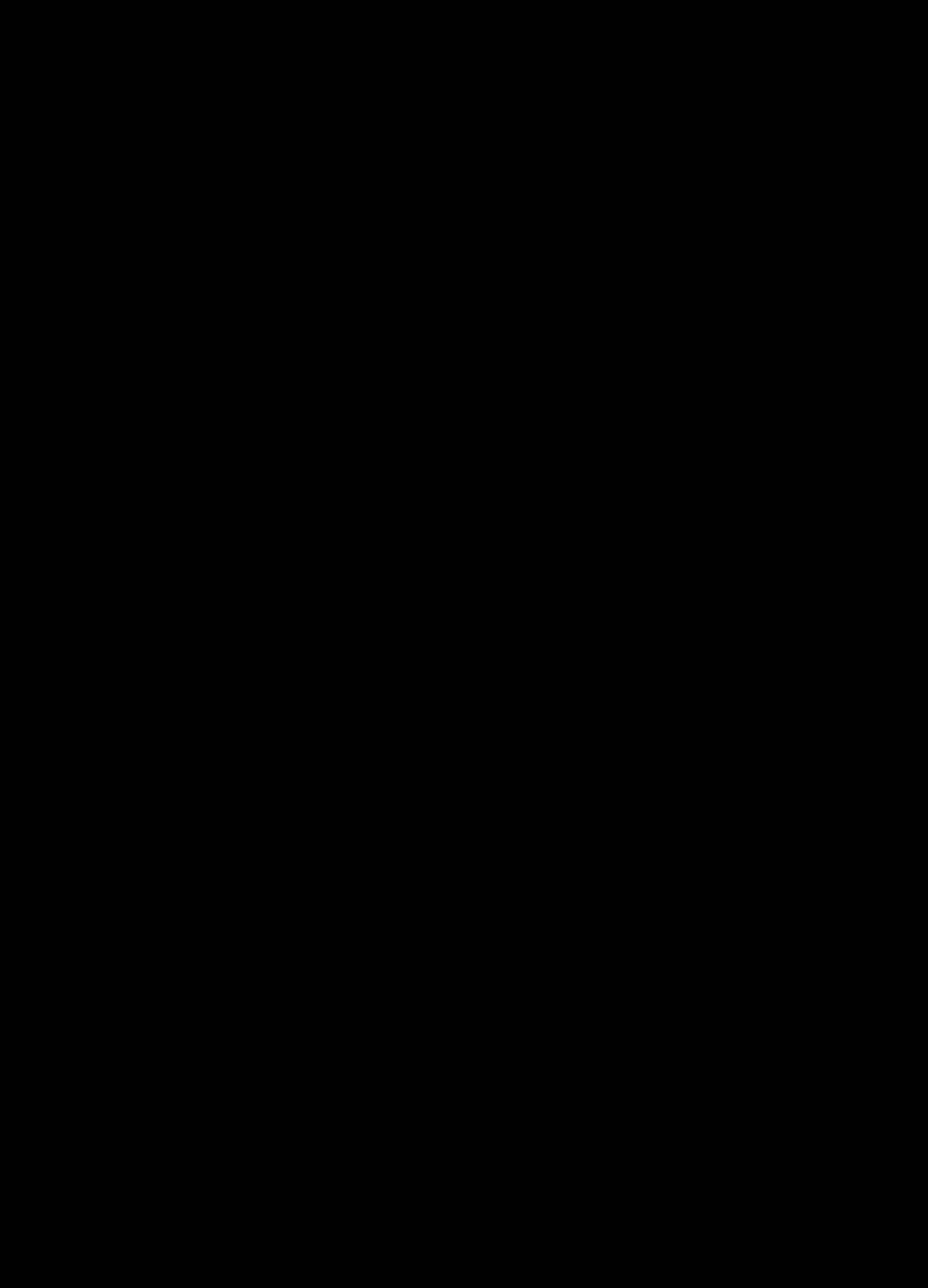
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Student Assistance Corporation August 30, 2008 Response to DCE OIG Subpoena

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(b) (4), (b) (6)



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 Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2008 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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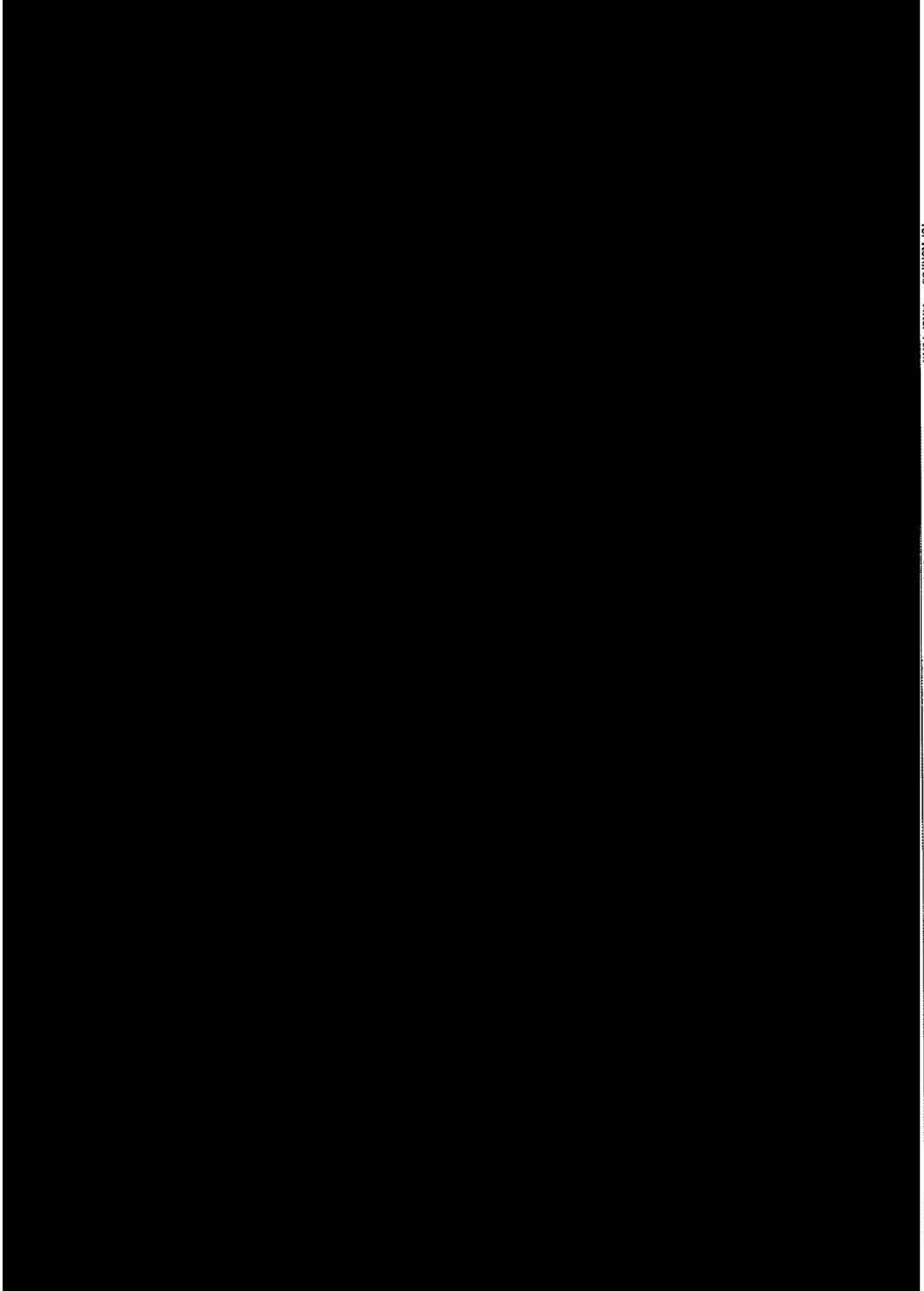
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Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 5)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

(b) (4), (b) (6)

EEID	Name	SSN	Hire Date	First Term Date for Rehires	First Rehire Date After Term	Final Term Date	Current Street Address On File	Current City and State On File	Current Zip Code On File	Current Home Phone On File	Current Other Phone On File	Title	Title Change Date
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Confidential and Proprietary
 Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
 Student Assistance Corporation August 30, 2005 Response to DCE OIG Subpoena

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EEID	Name	SSN	Hire Date	First Term Date for Retirees	First Retire Date After Term	Final Term Date	Current Street Address On File	Current City and State On File	Current Zip Code On File	Current Home Phone On File	Current Other Phone On File	Title	Title Change Date
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Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 5)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

(b) (4), (b) (6)

EE ID	Name	SSN	Hire Date	First Term Date for Rehires	First Rehire Date After Term	Final Term Date	Current Street Address	Current City and State	Current Zip Code	Current Home Phone	Current Other Phone	Title	Title Change Date
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Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2005 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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EE ID	Name	SSN	Hire Date	First Term Date for Rehires	First Rehire Date After Term	Final Term Date	Current Street Address On File	Current City and State On File	Current Zip Code On File	Current Home Phone On File	Current Other Phone On File	Title	Title Change Date
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Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 5)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Not Subject to Disclosure under FOIA (Exemptions 4 and 5)

Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

(b) (4), (b) (6)

Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE: OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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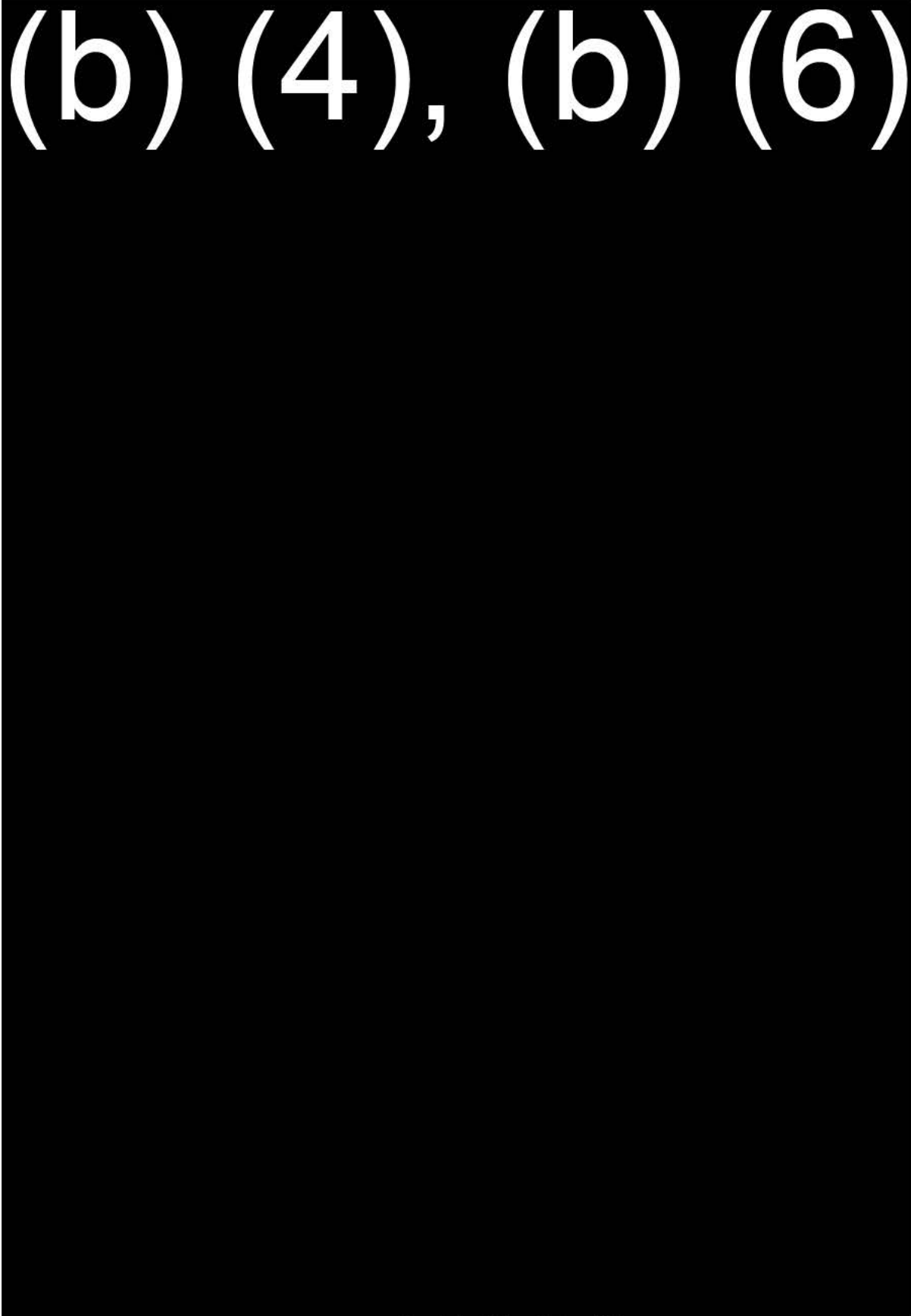
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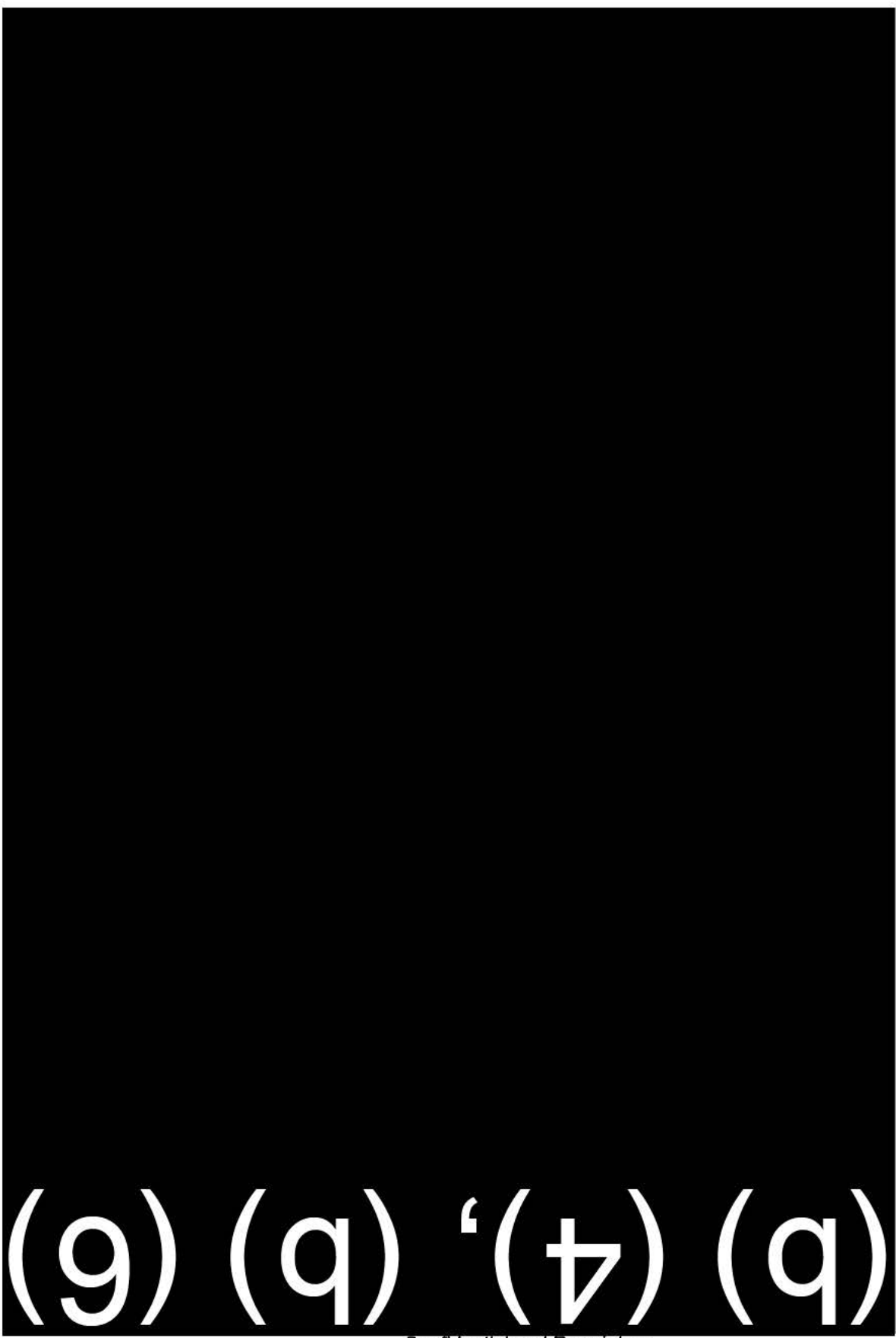
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Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

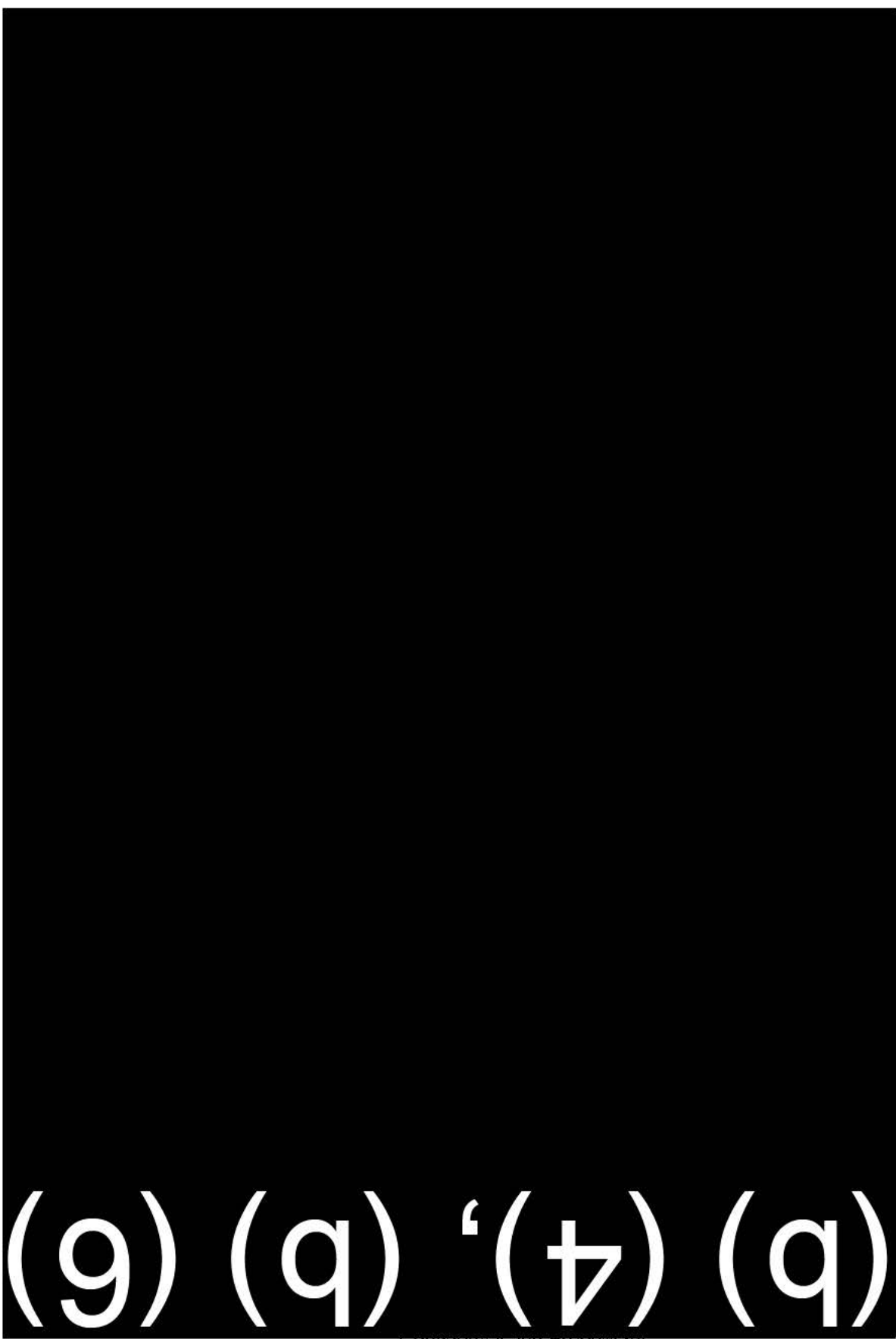
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Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

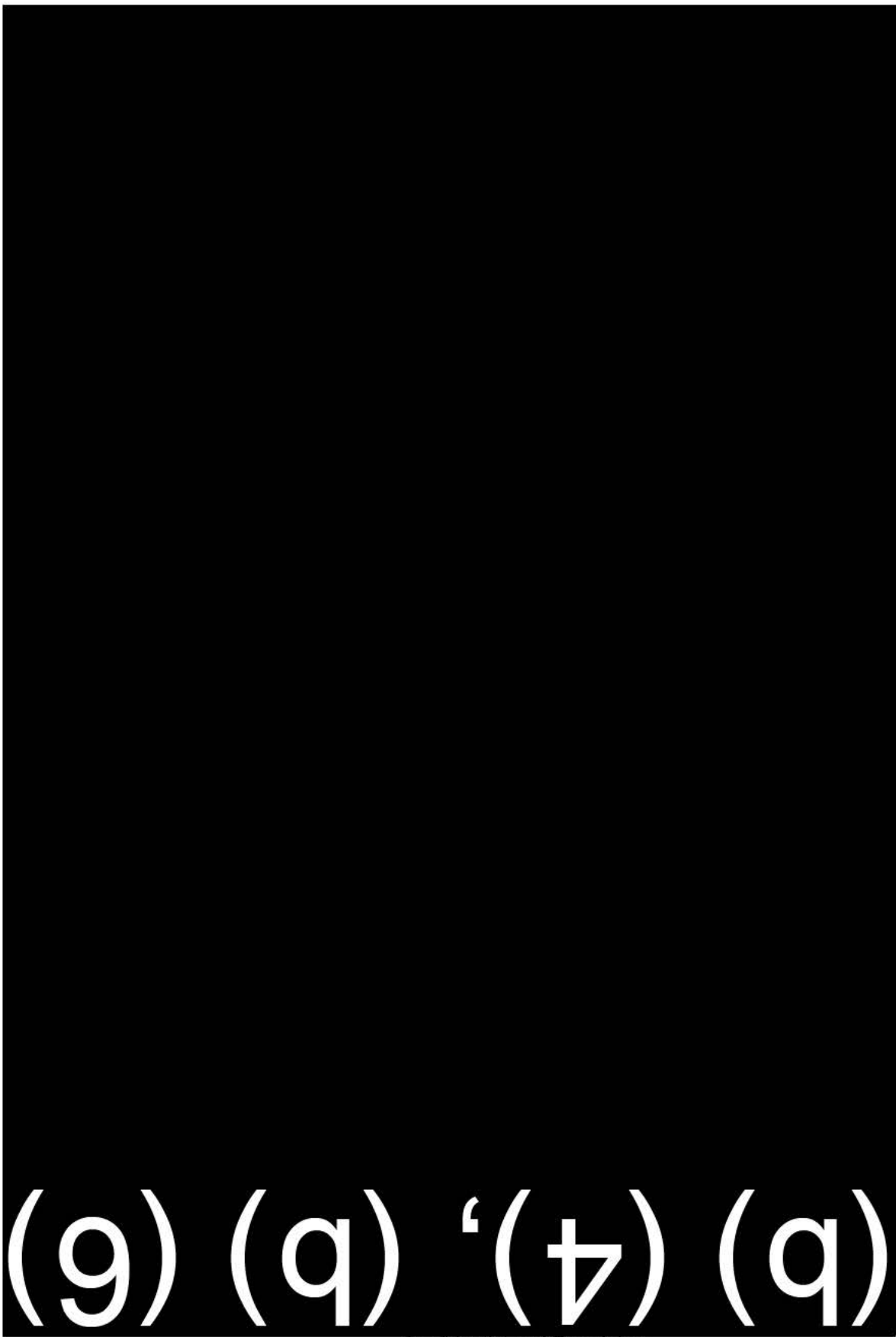


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Confidential and Proprietary

Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
Student Assistance Corporation August 30, 2006 Response to DOE OIG Subpoena

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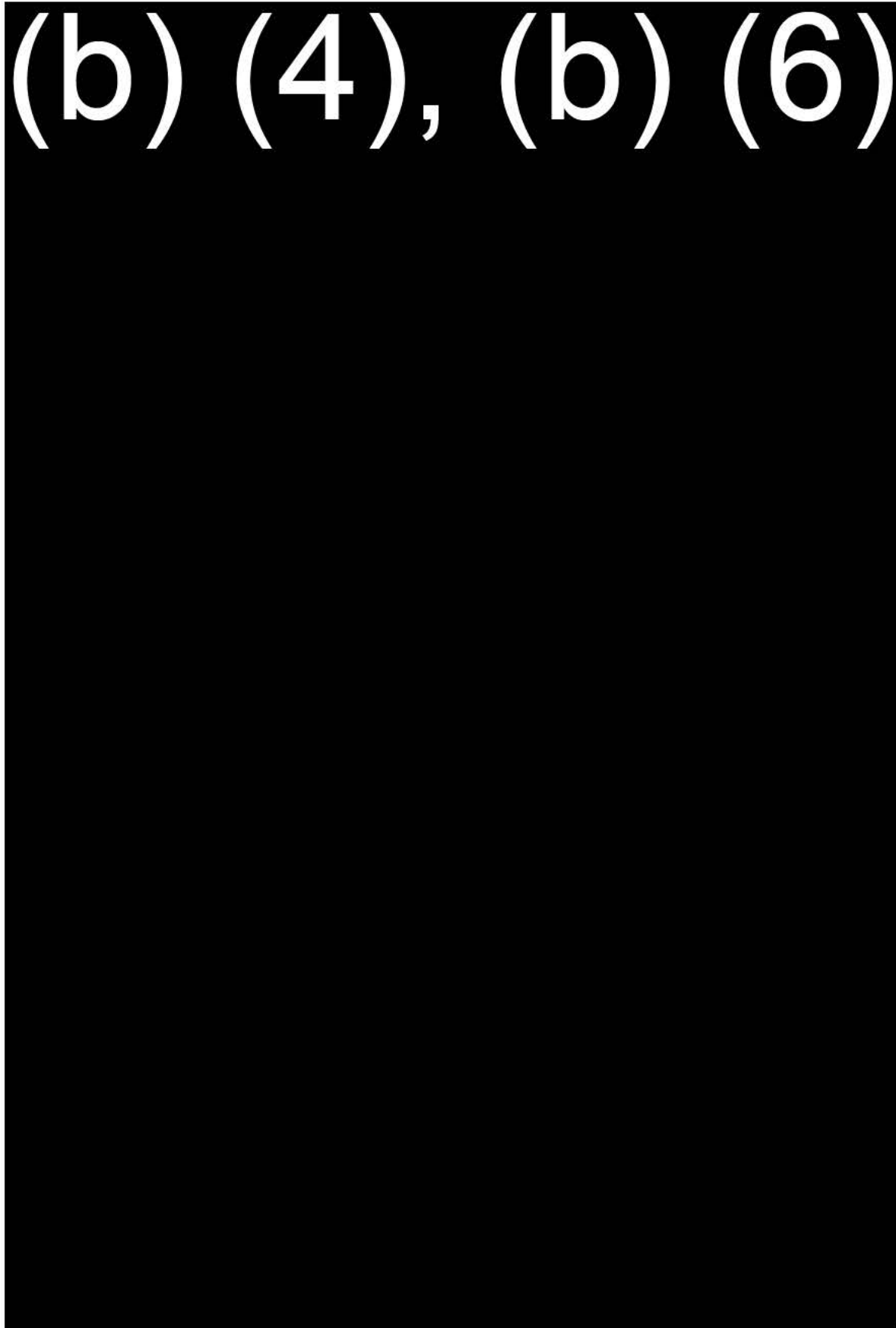


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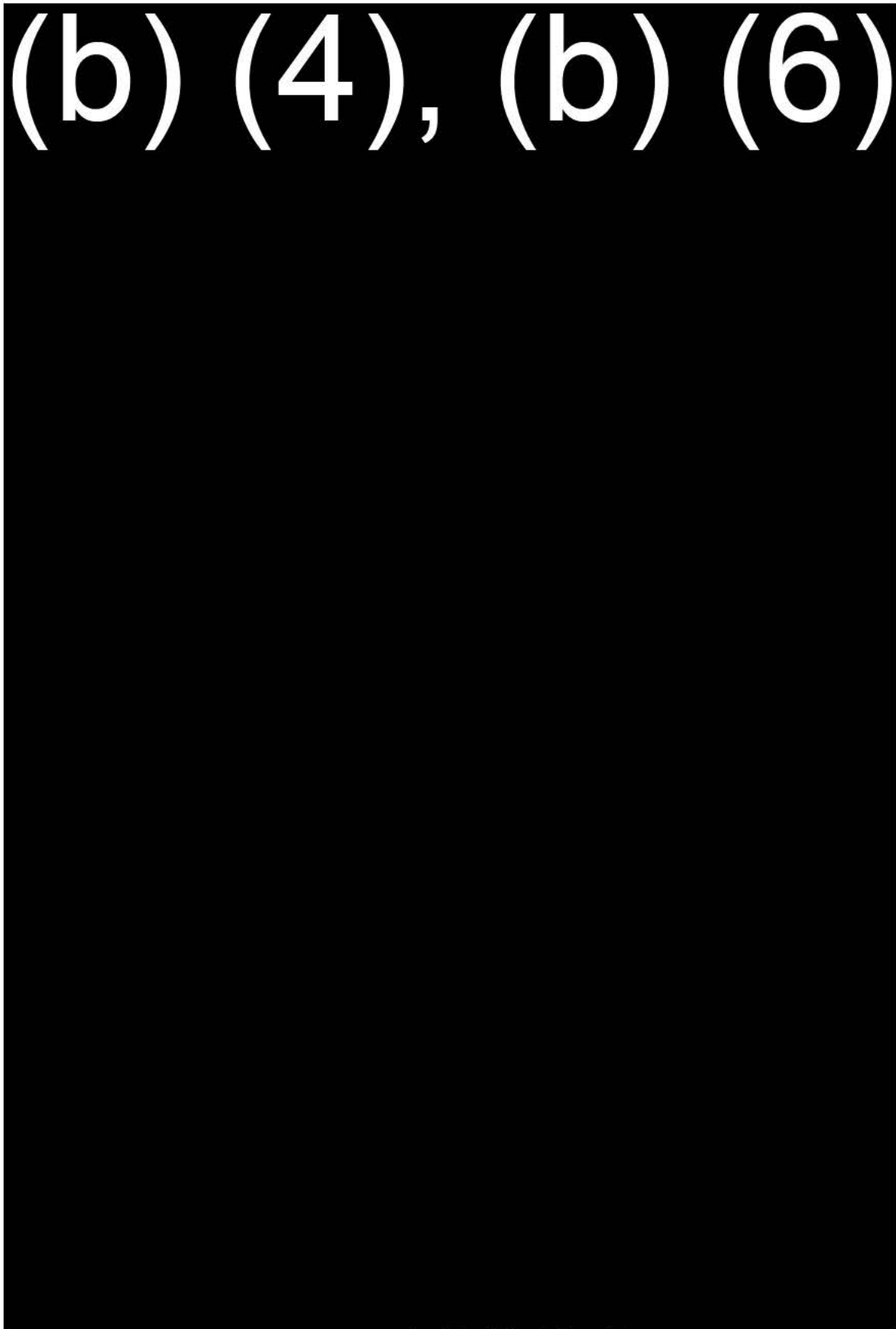
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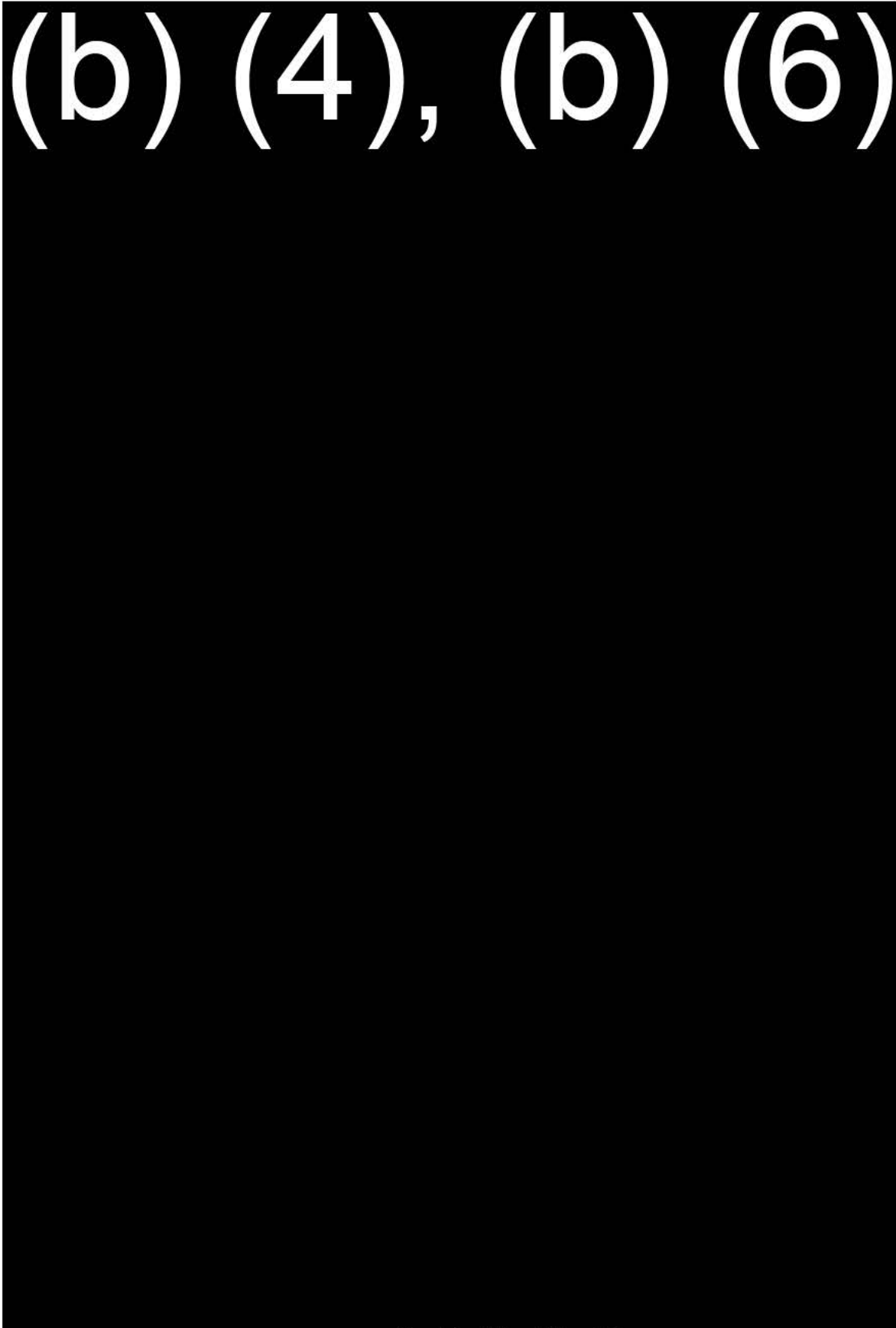
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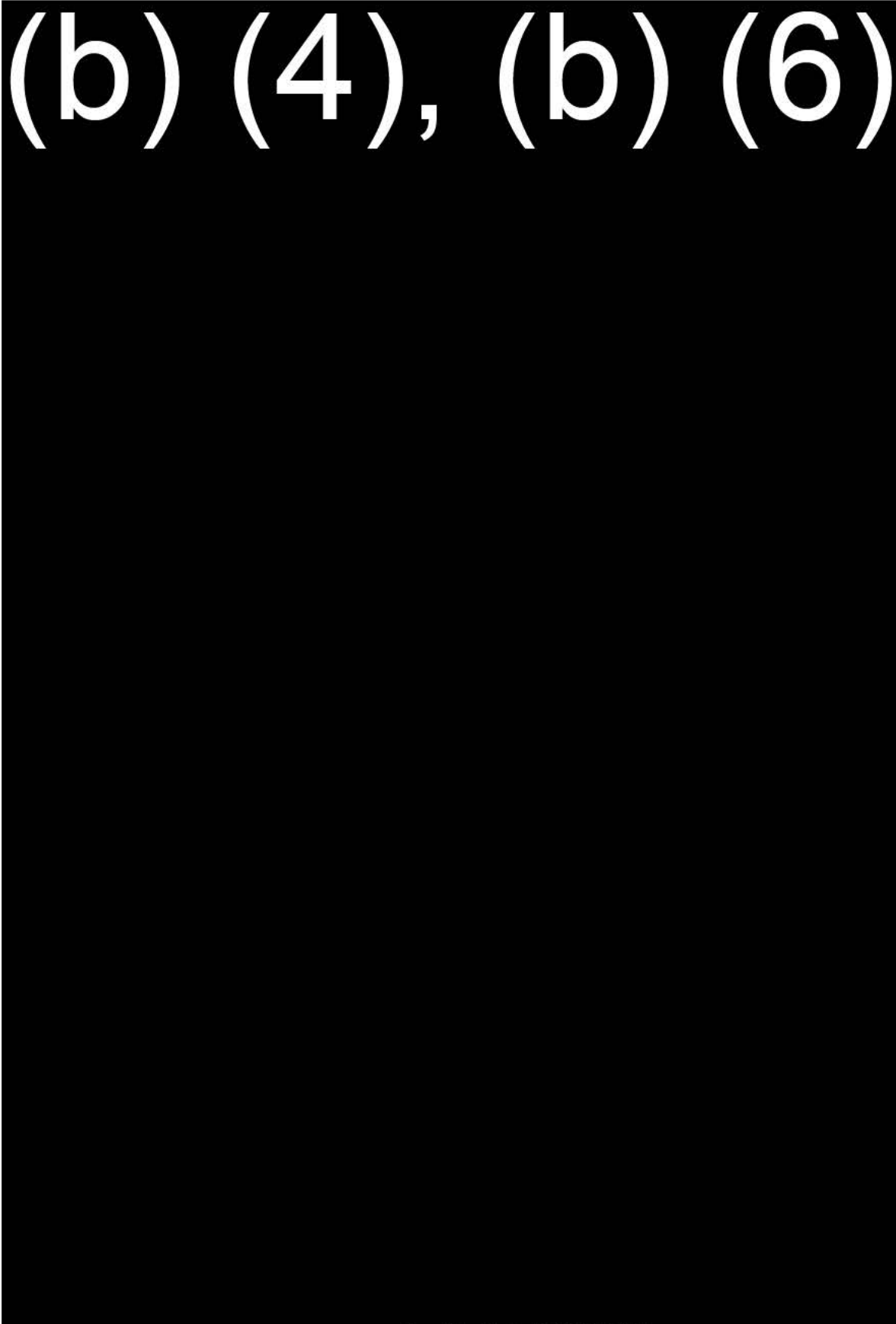


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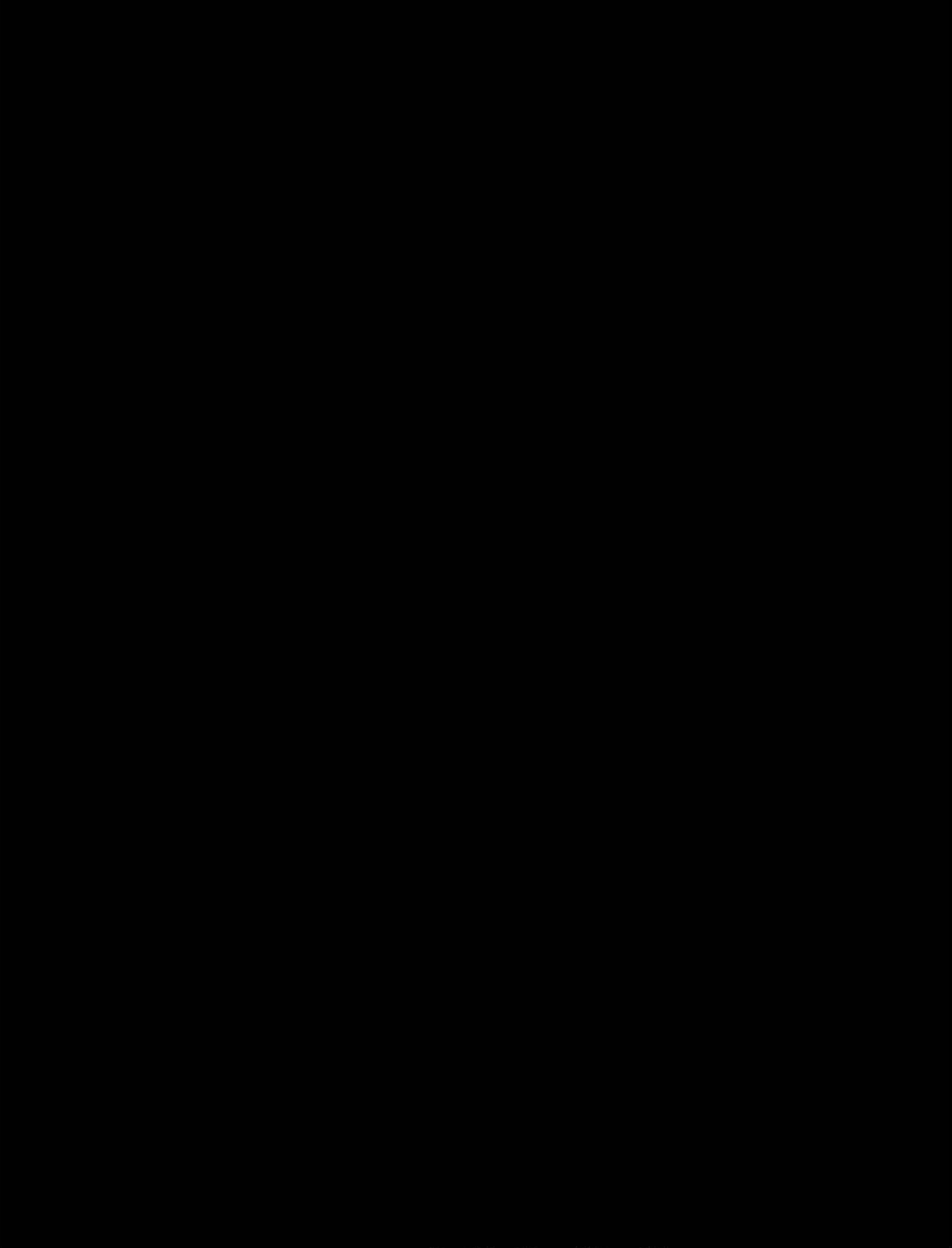


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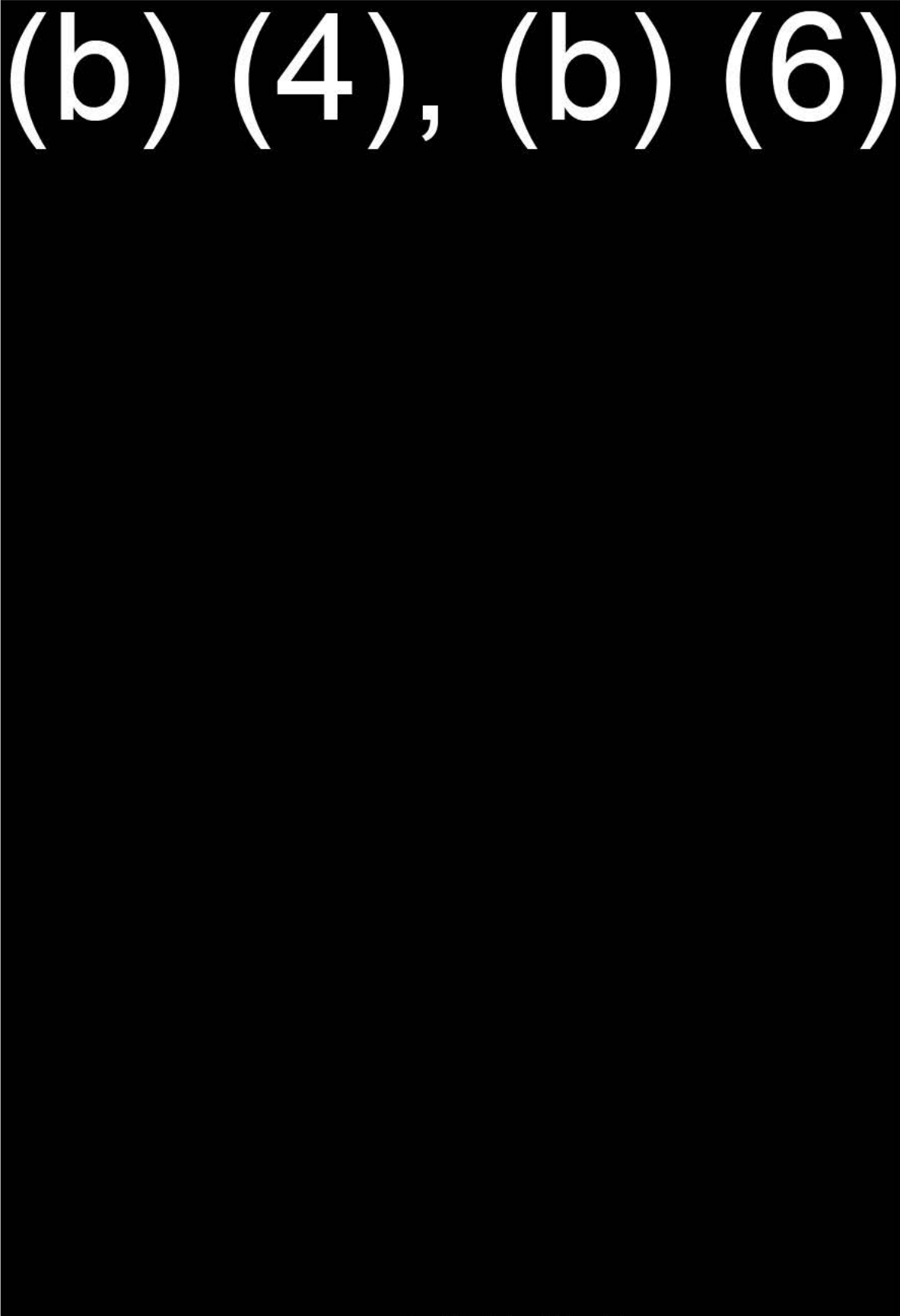
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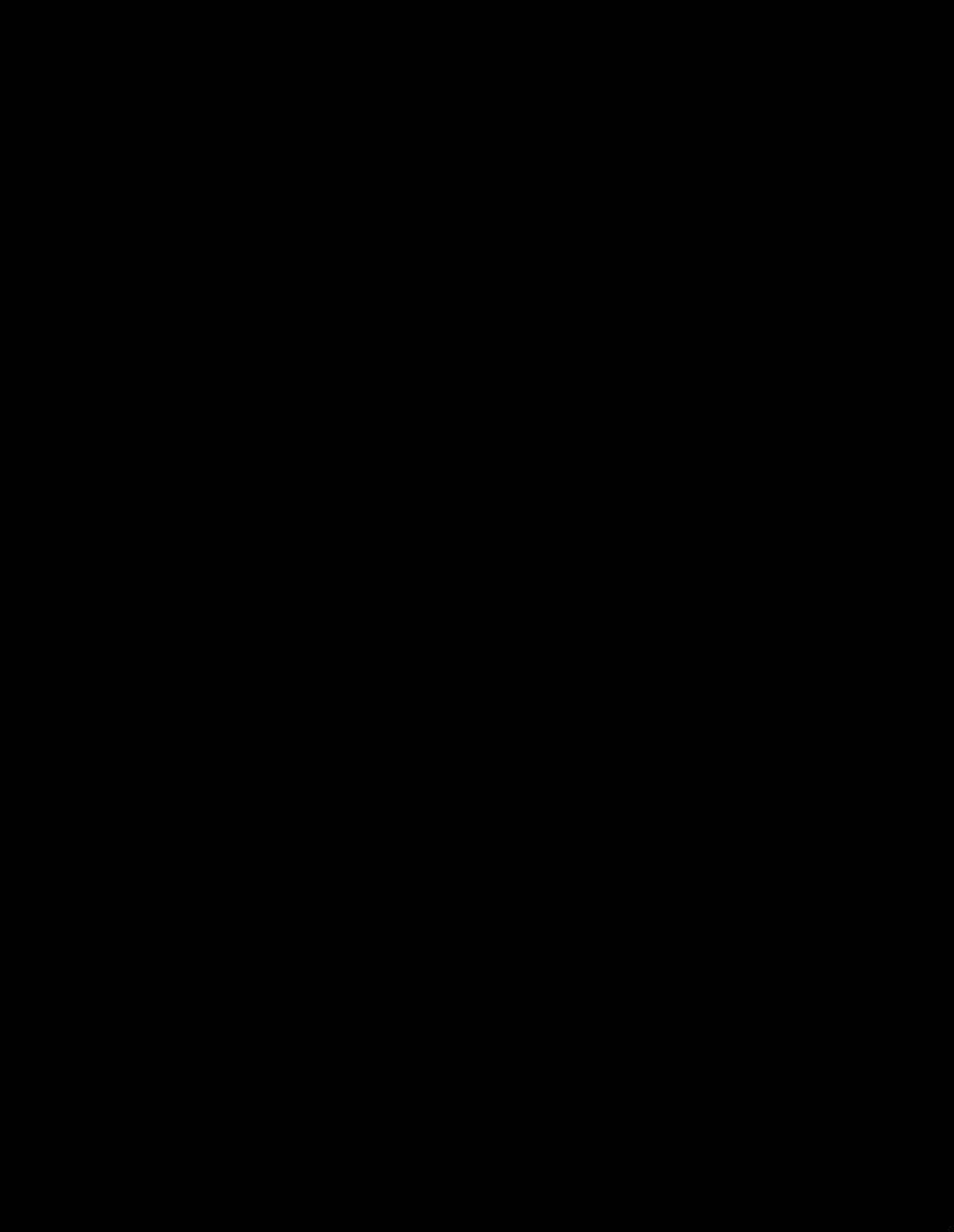


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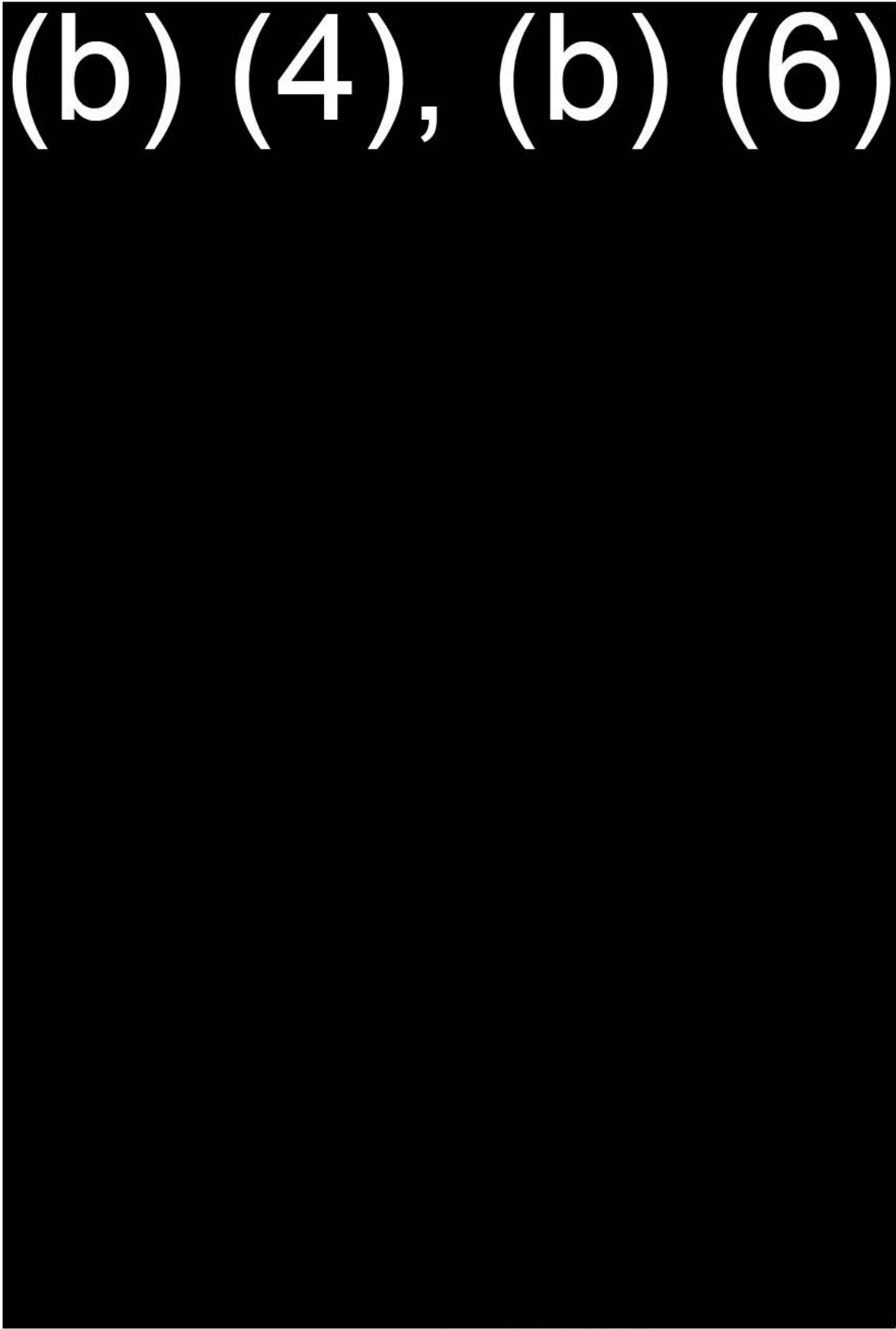


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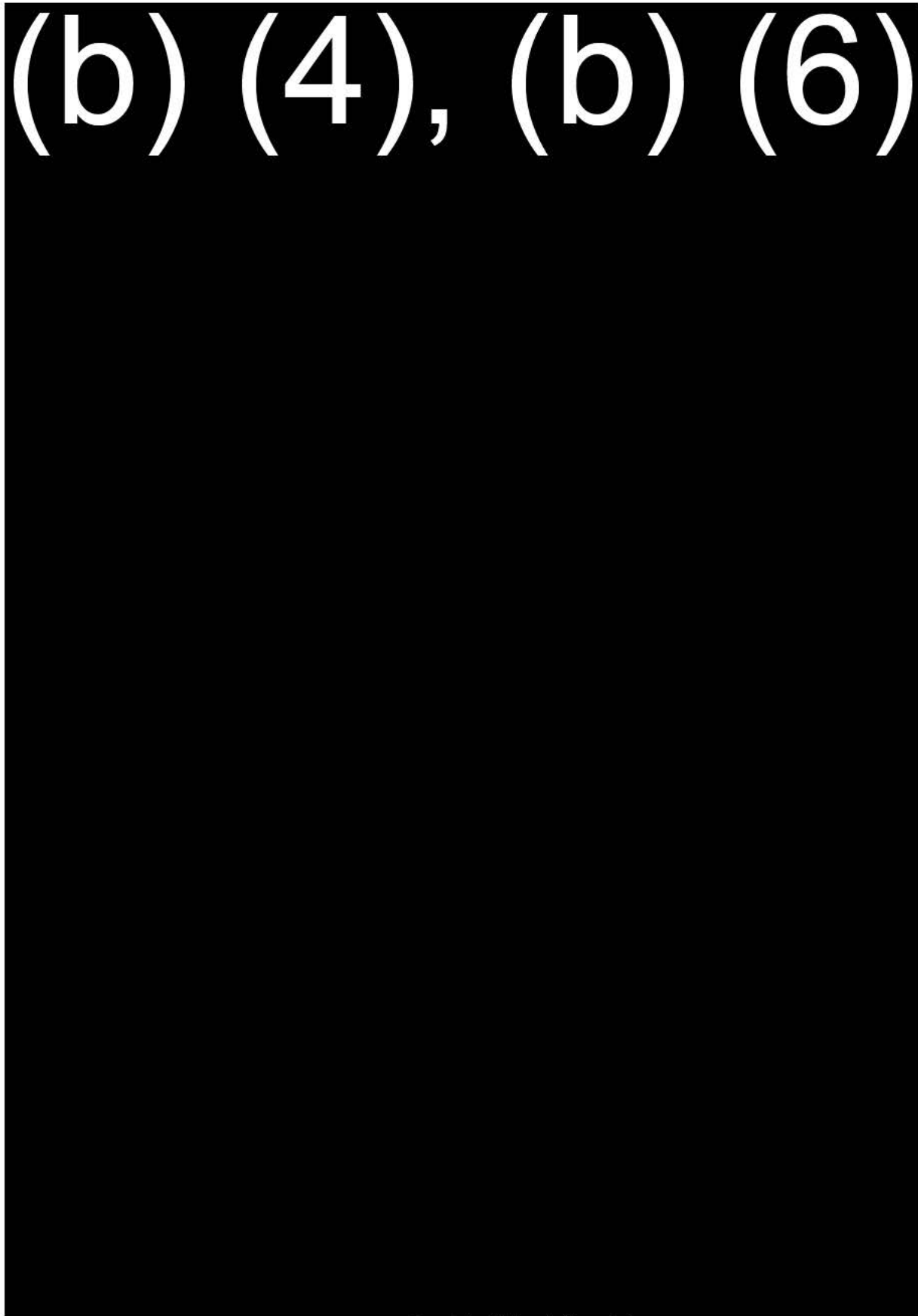


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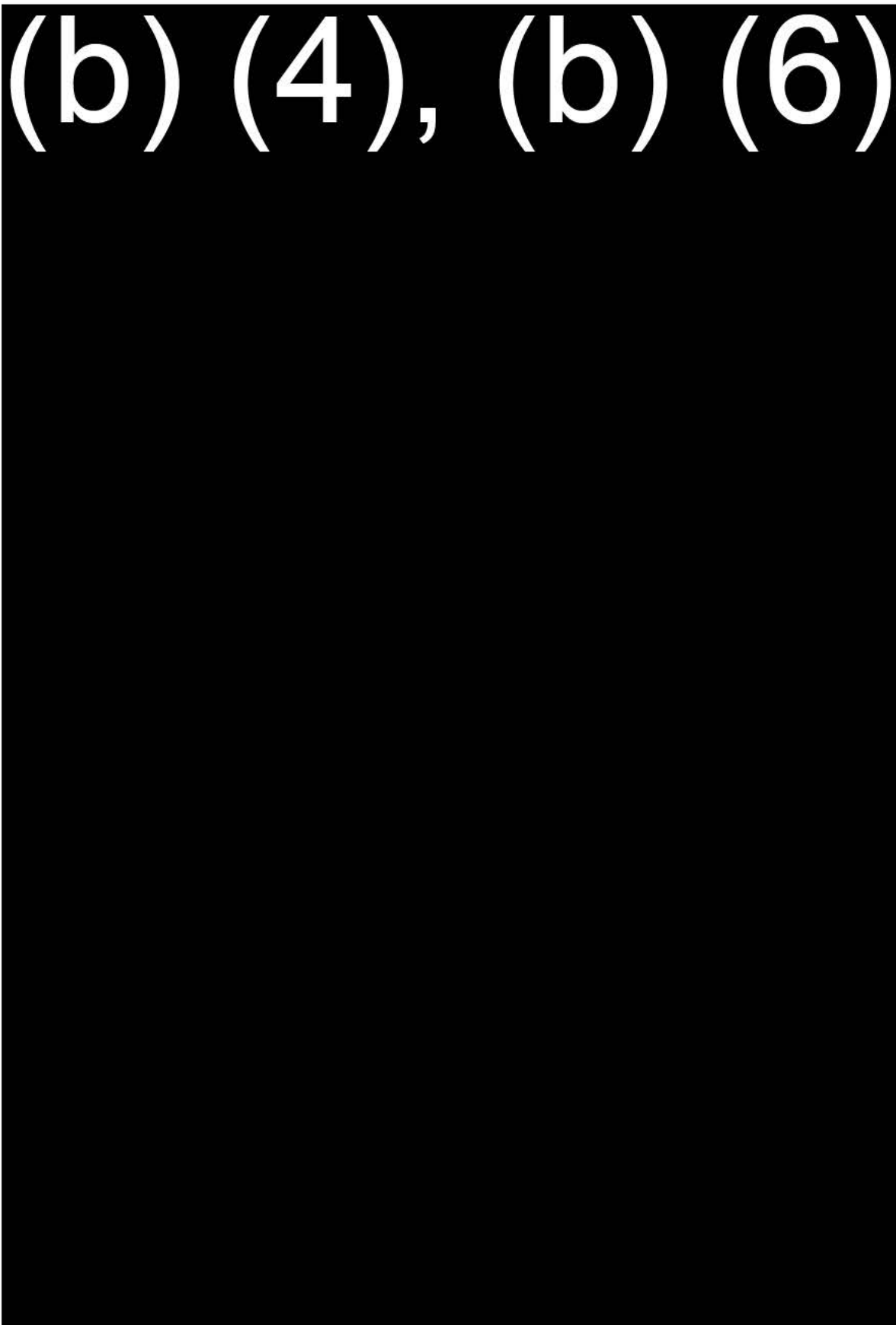
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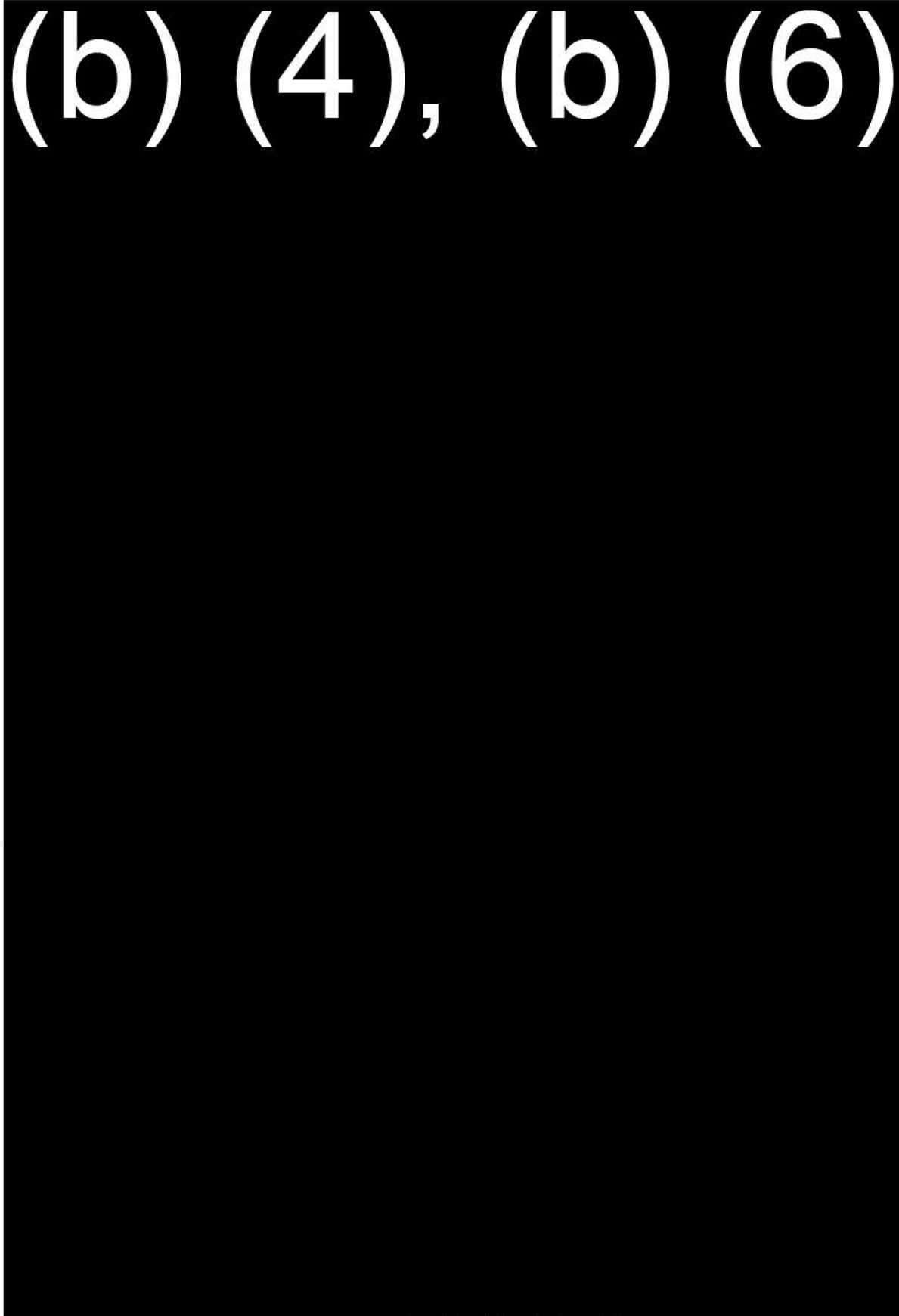
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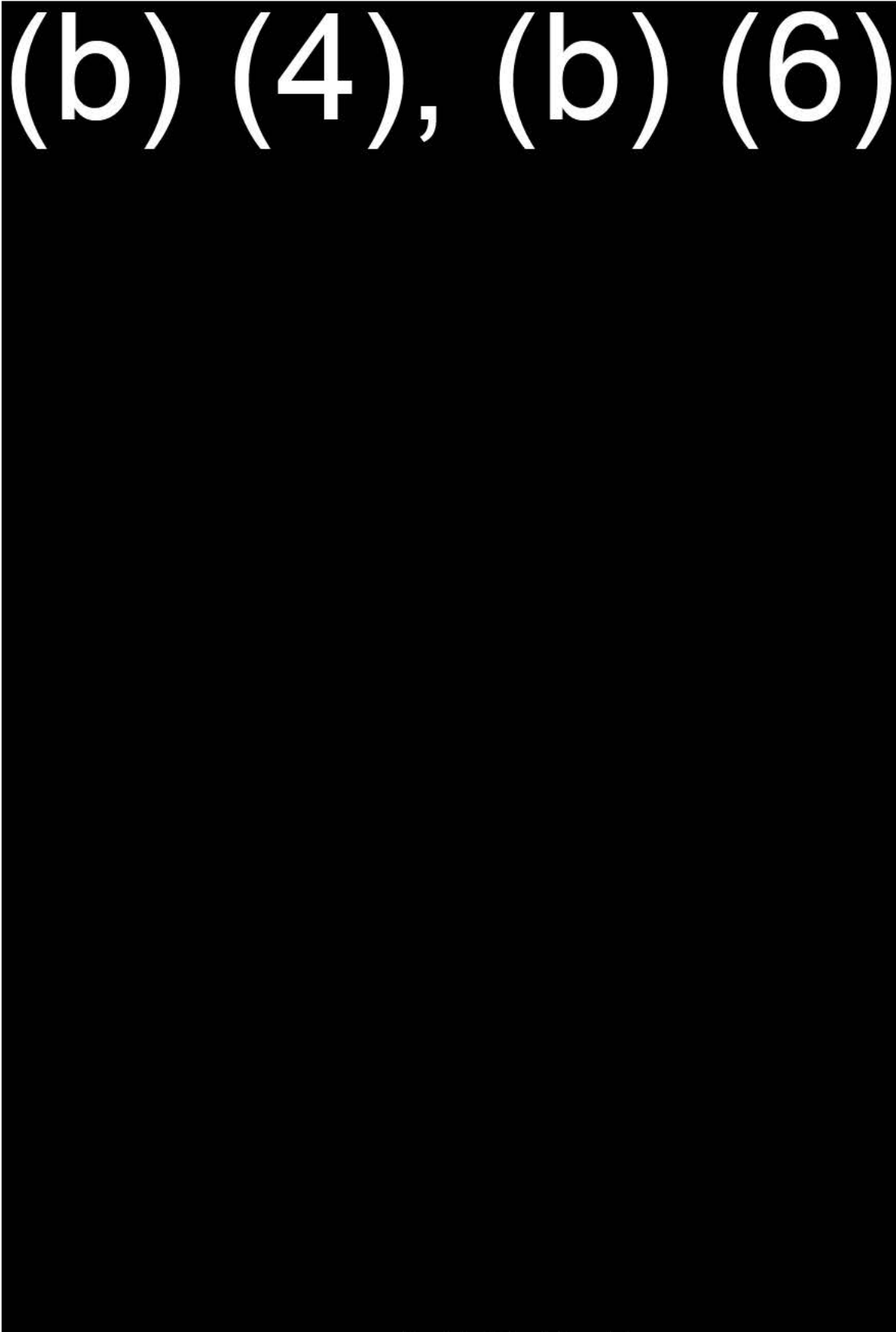
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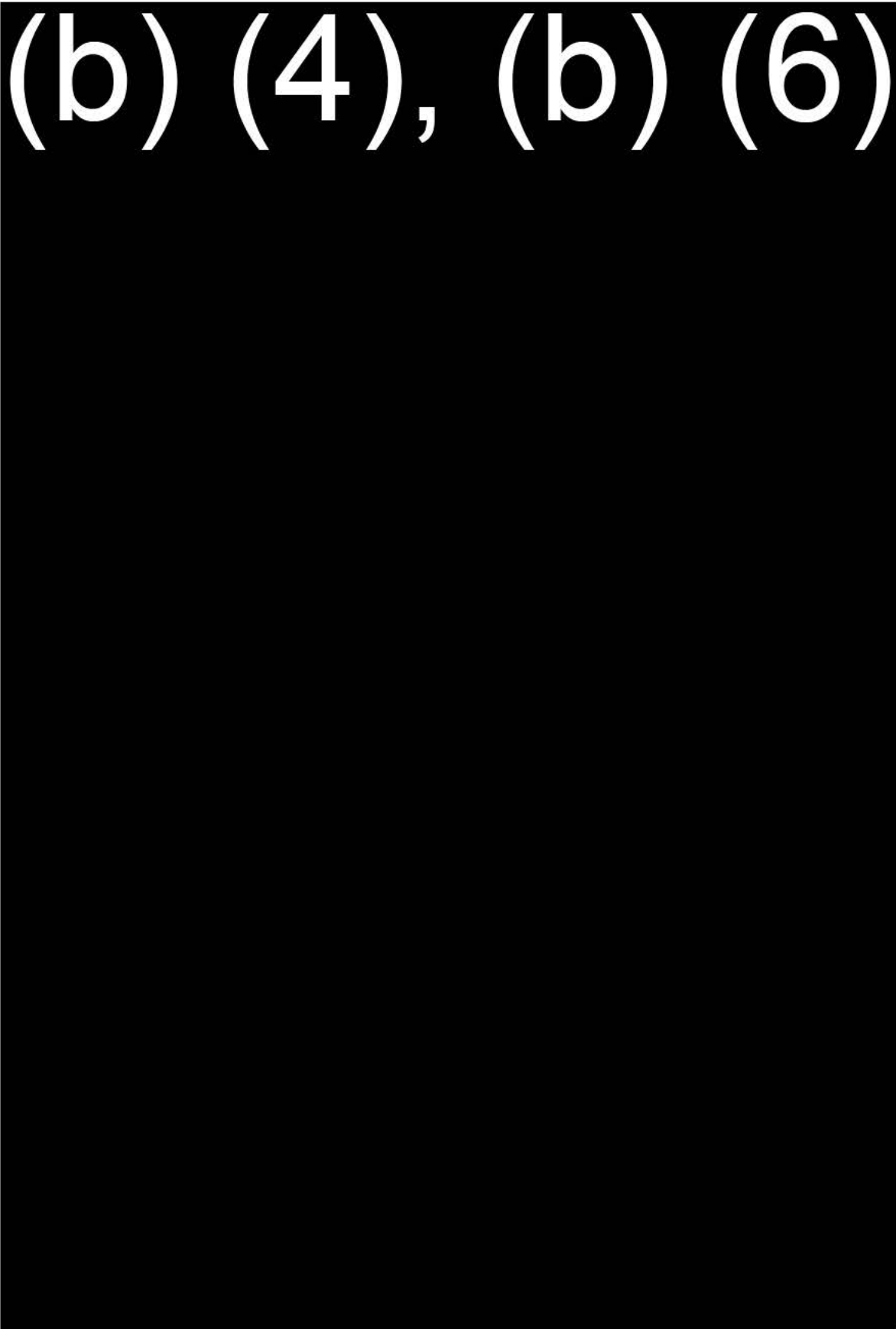
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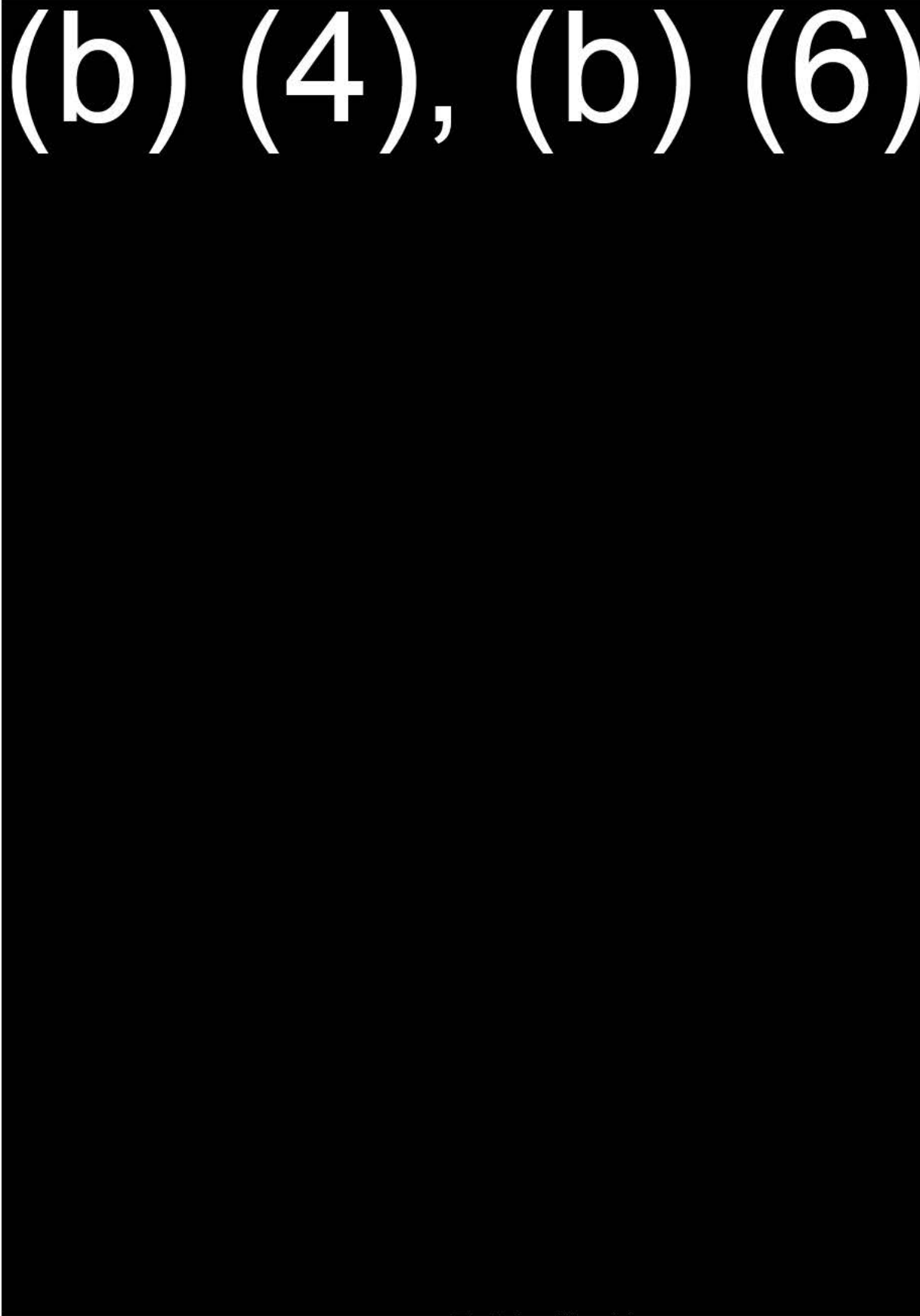


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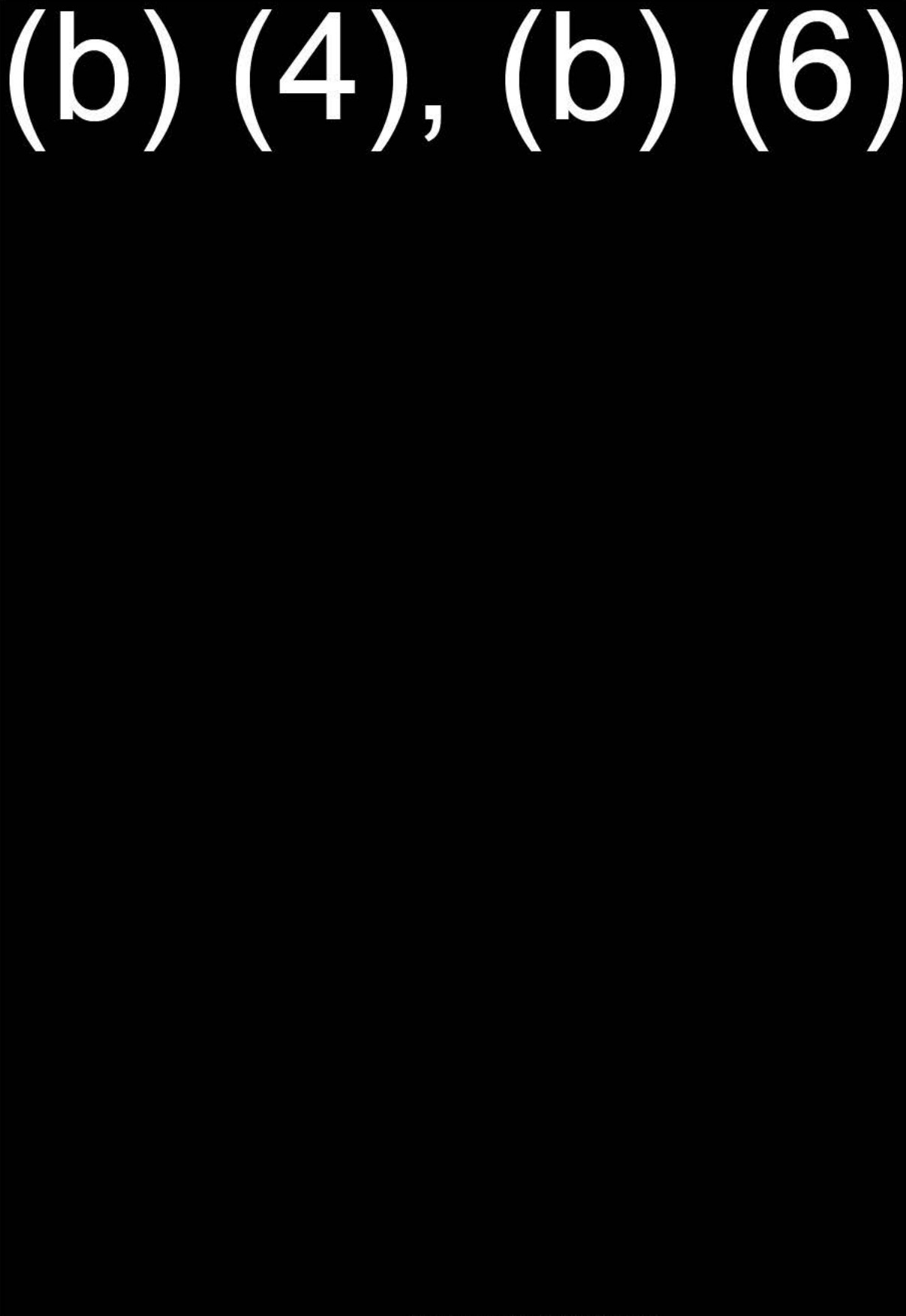


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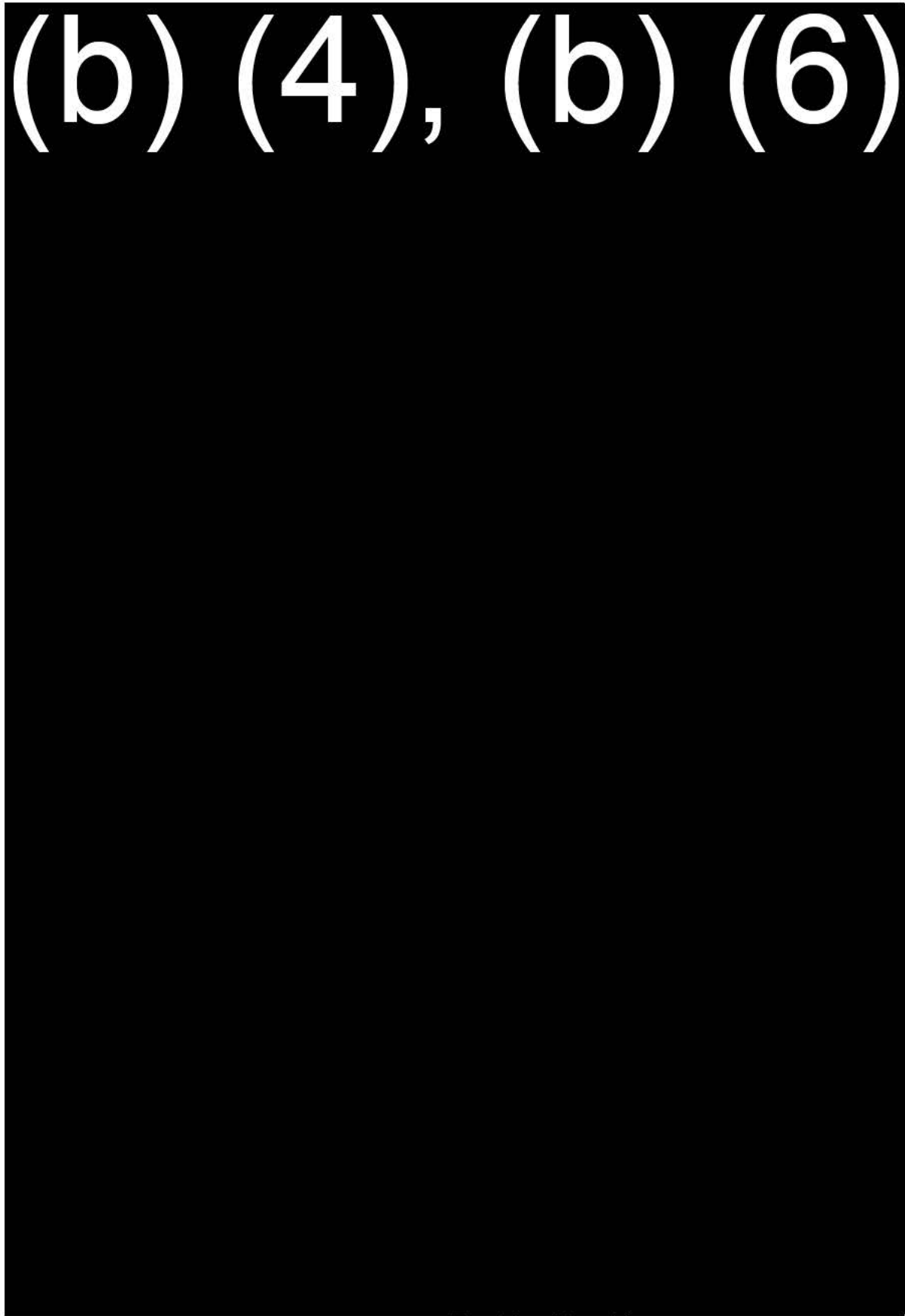
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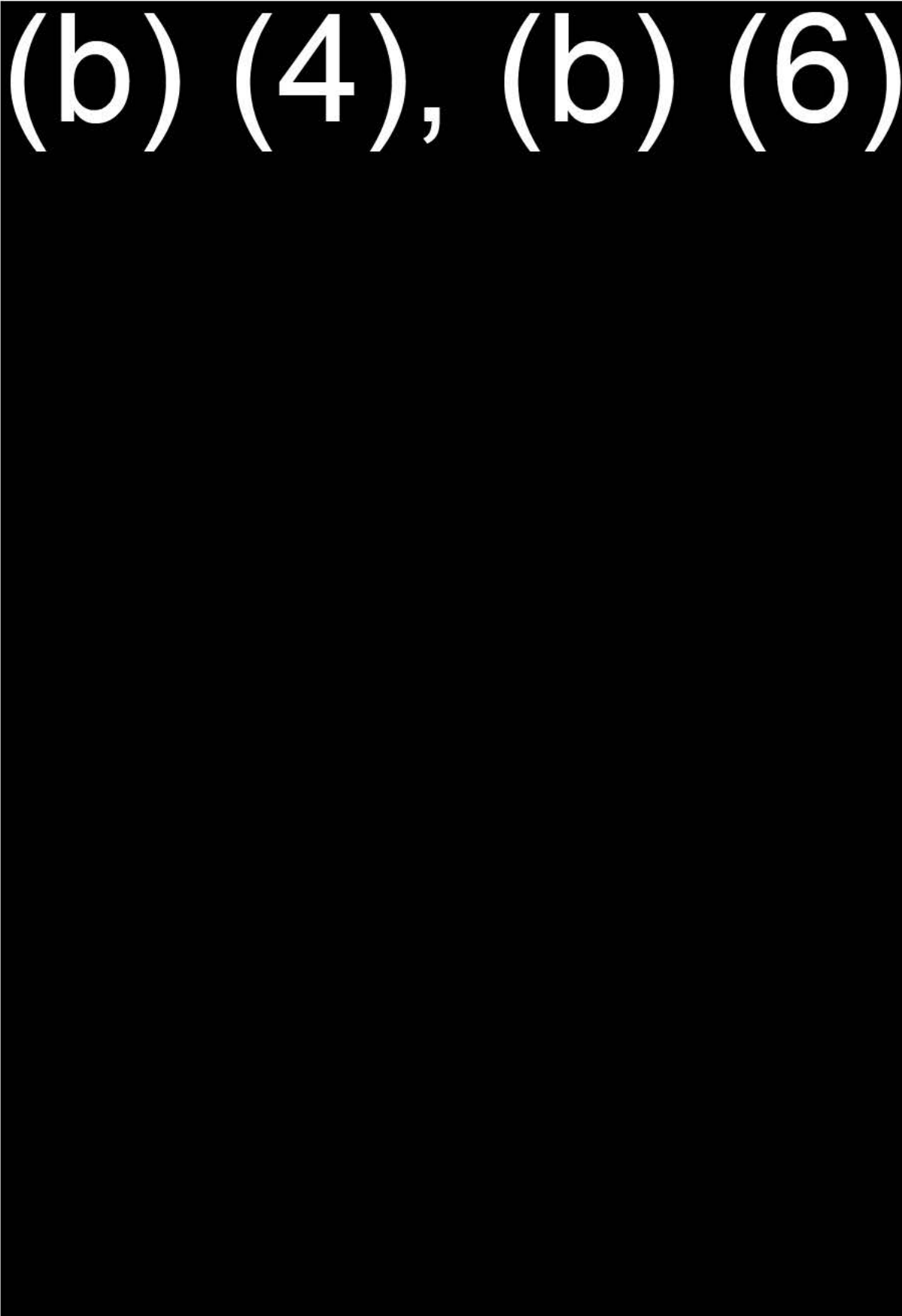
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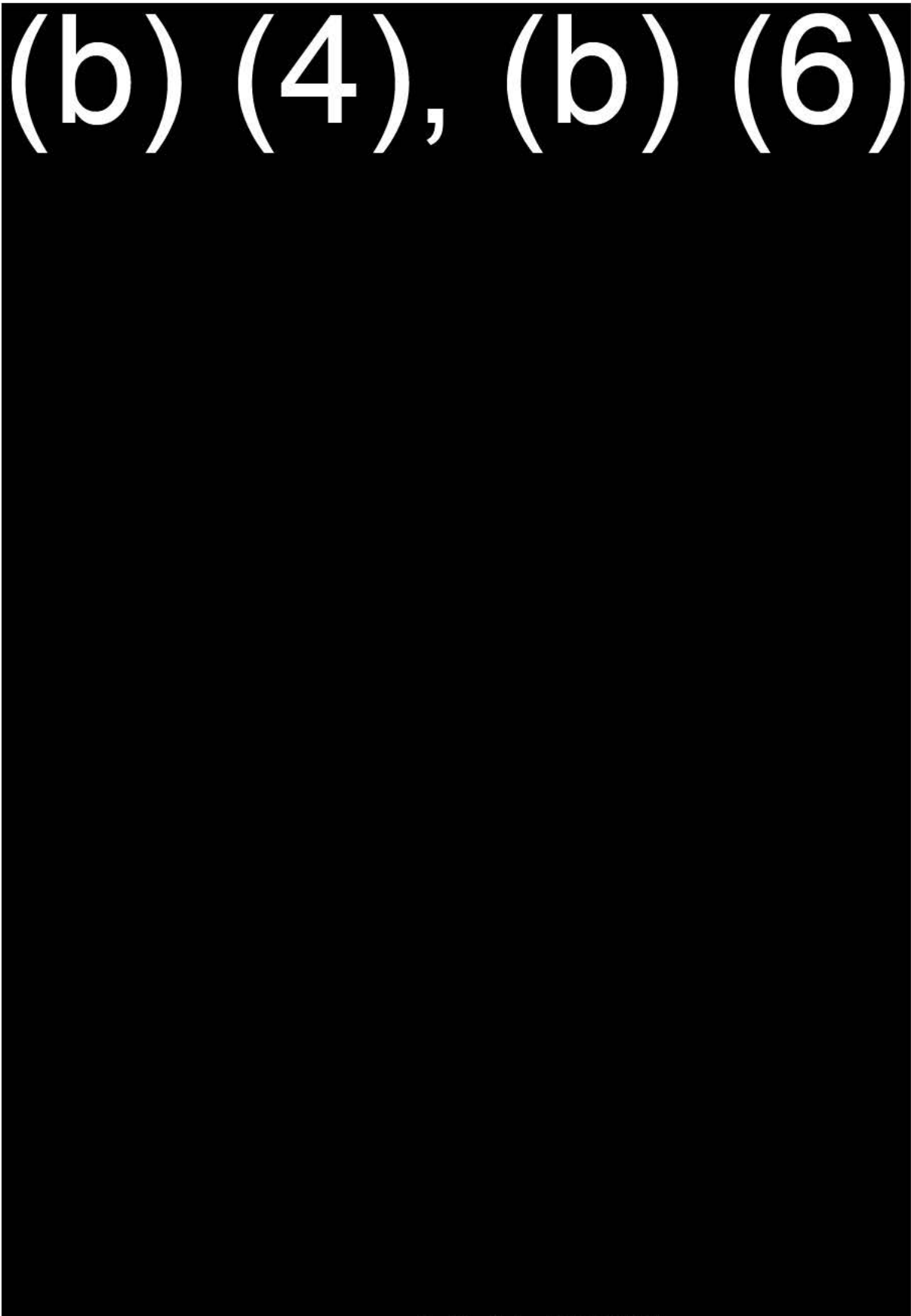
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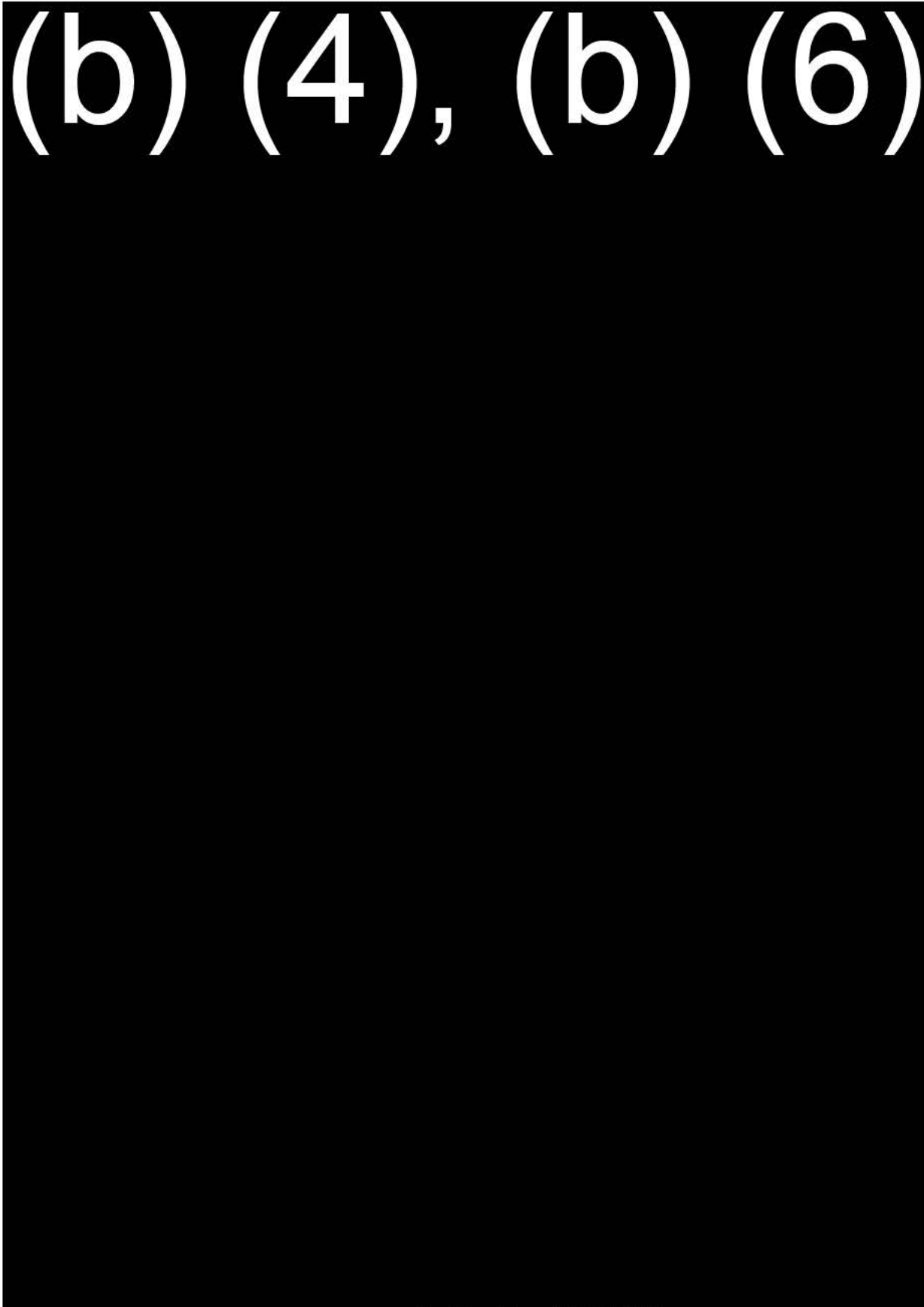
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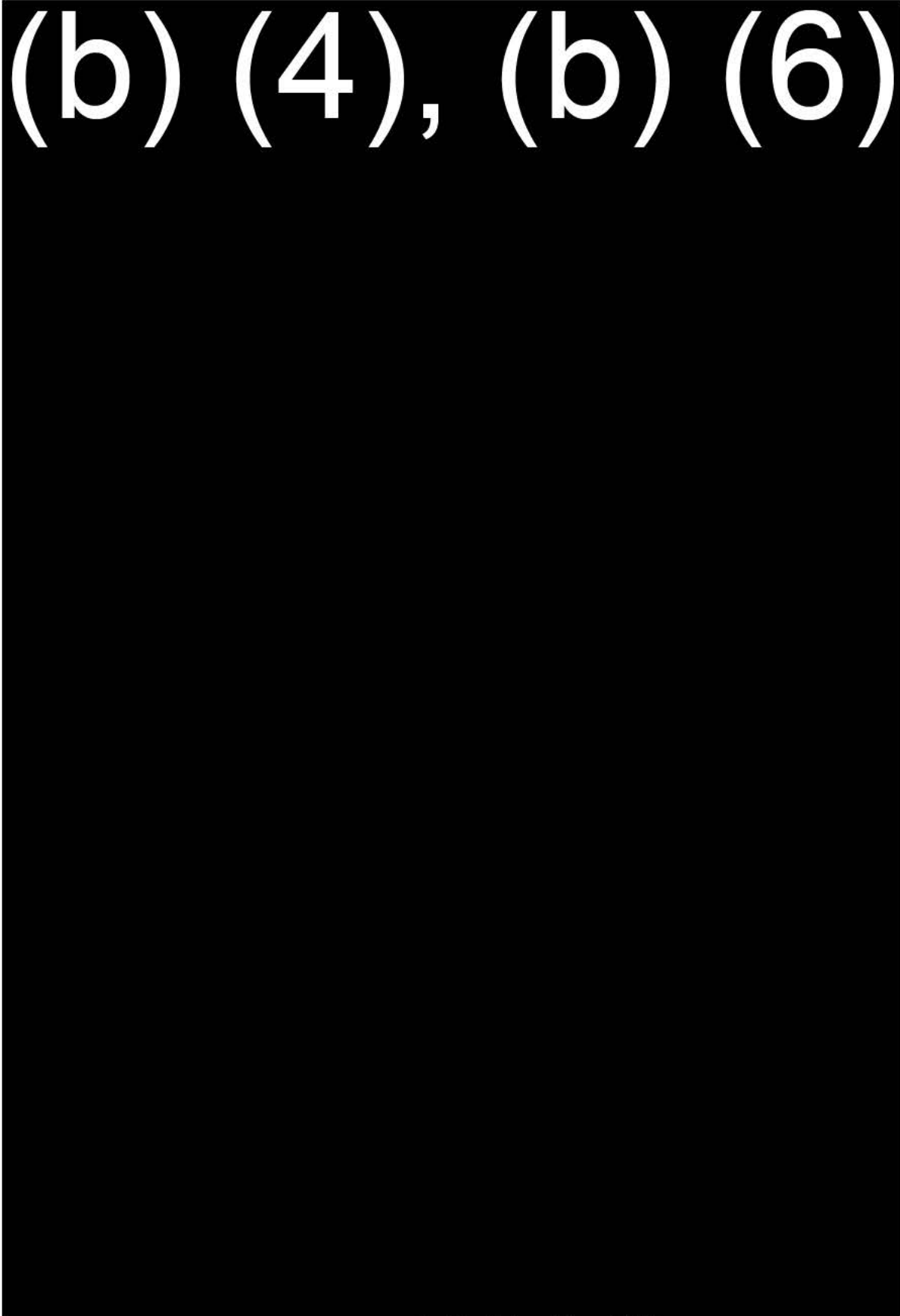


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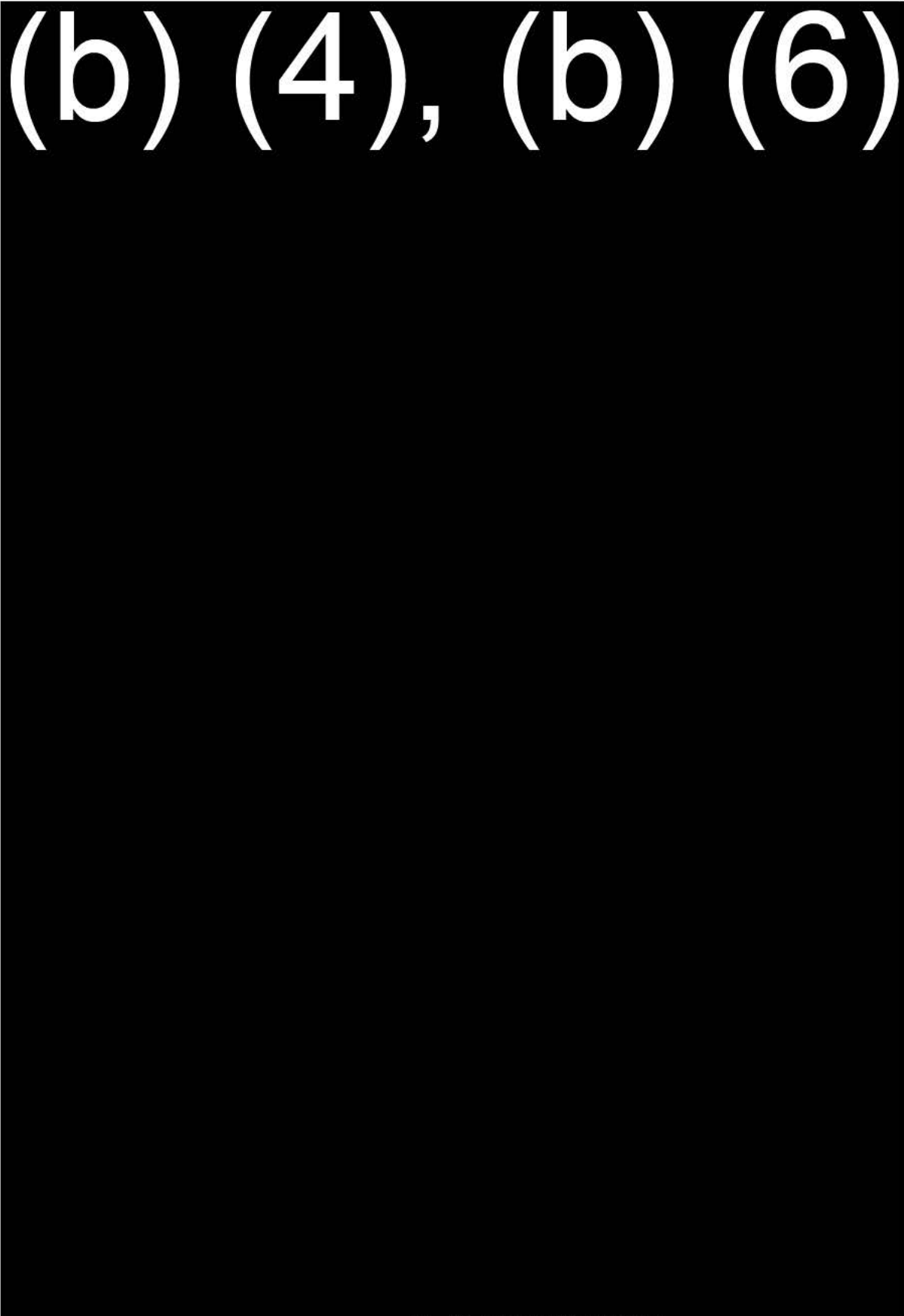


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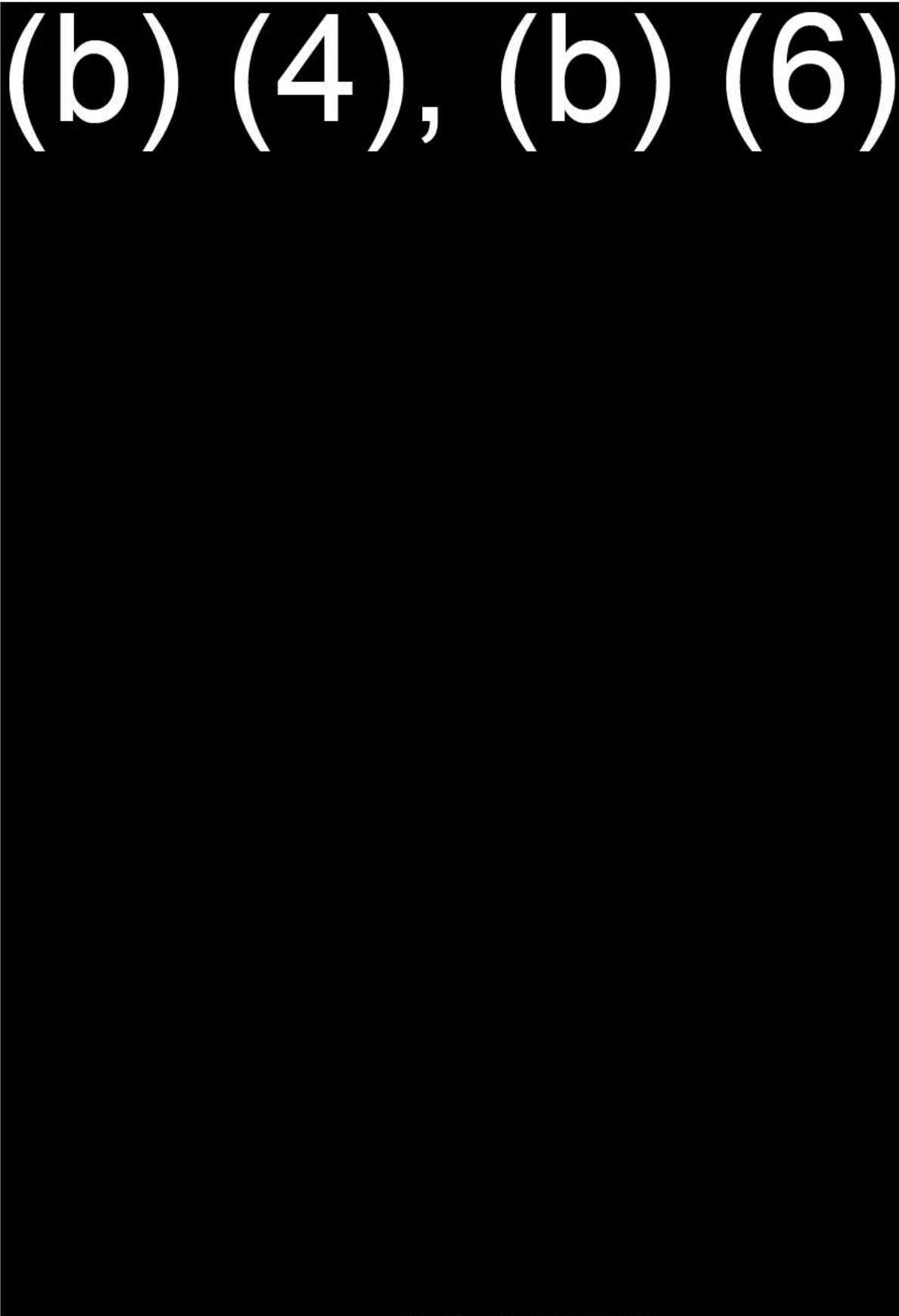


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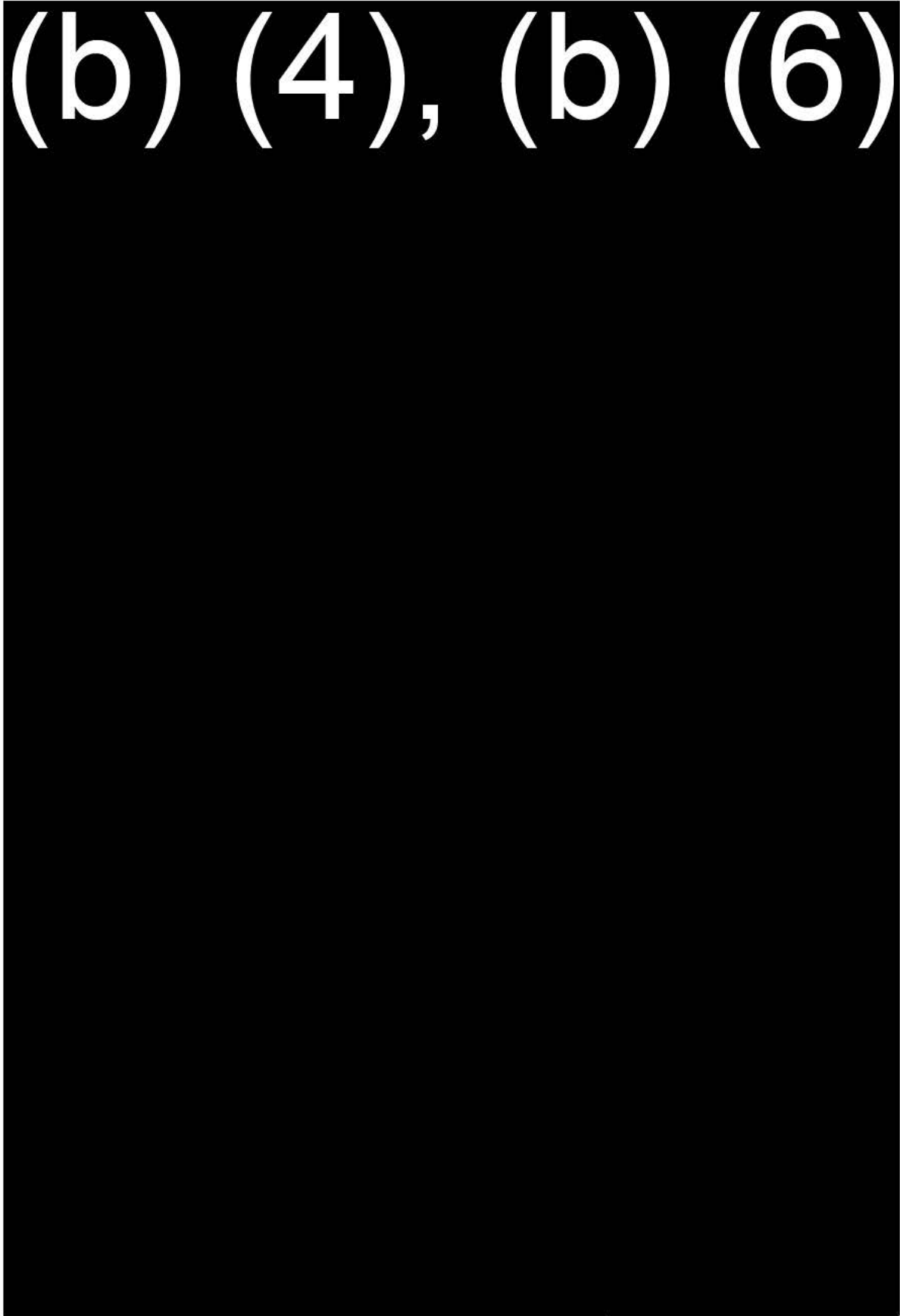
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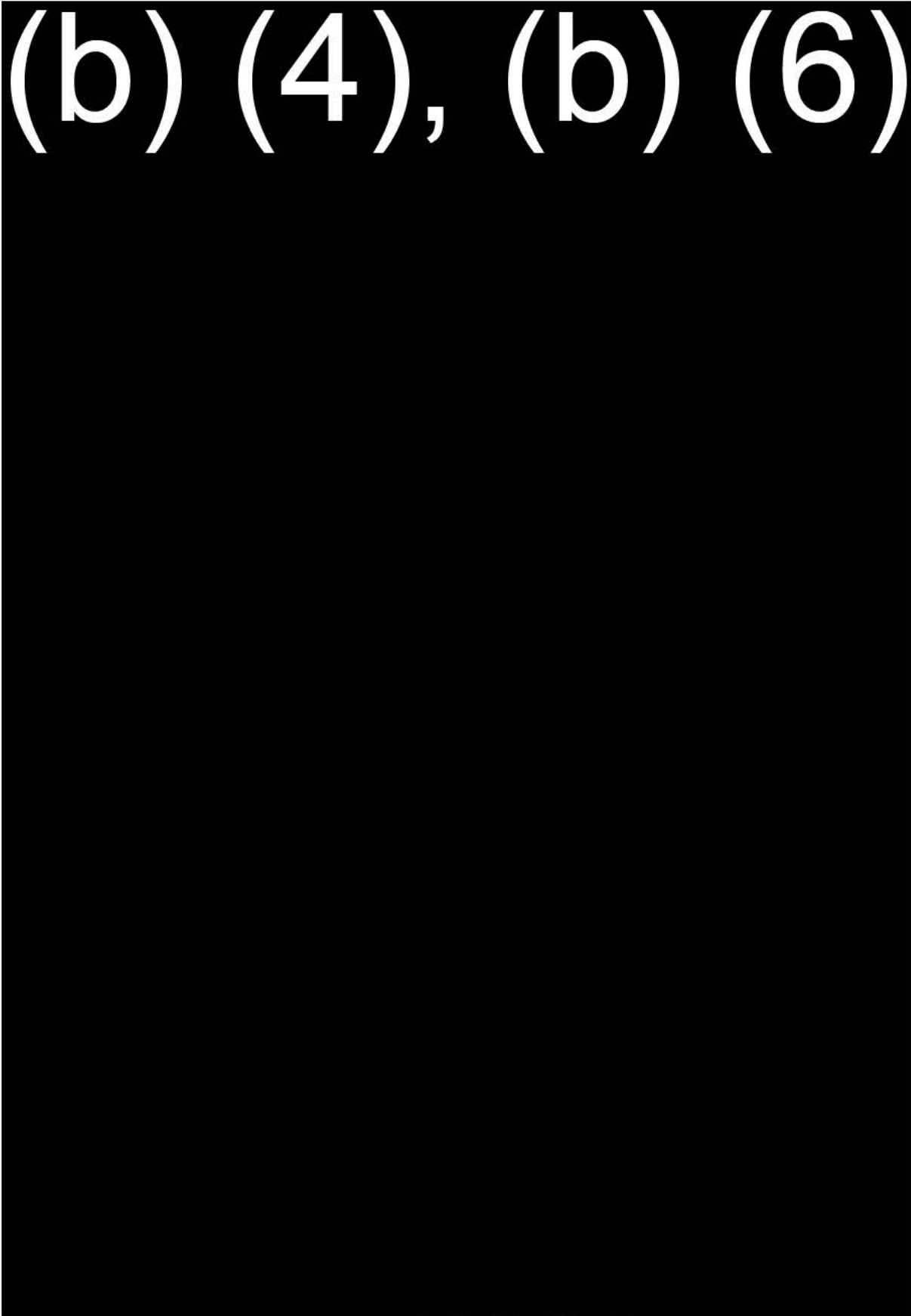
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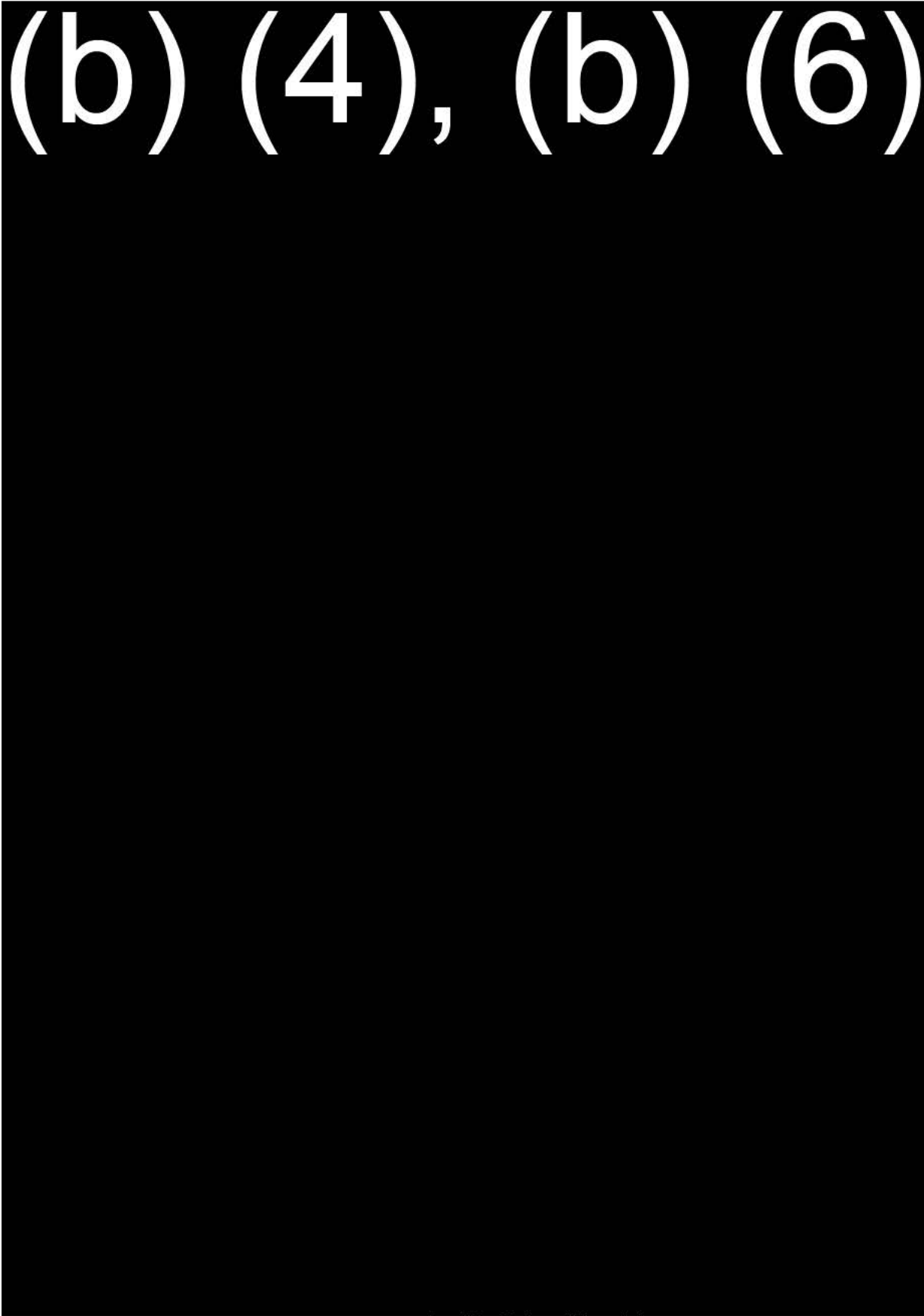
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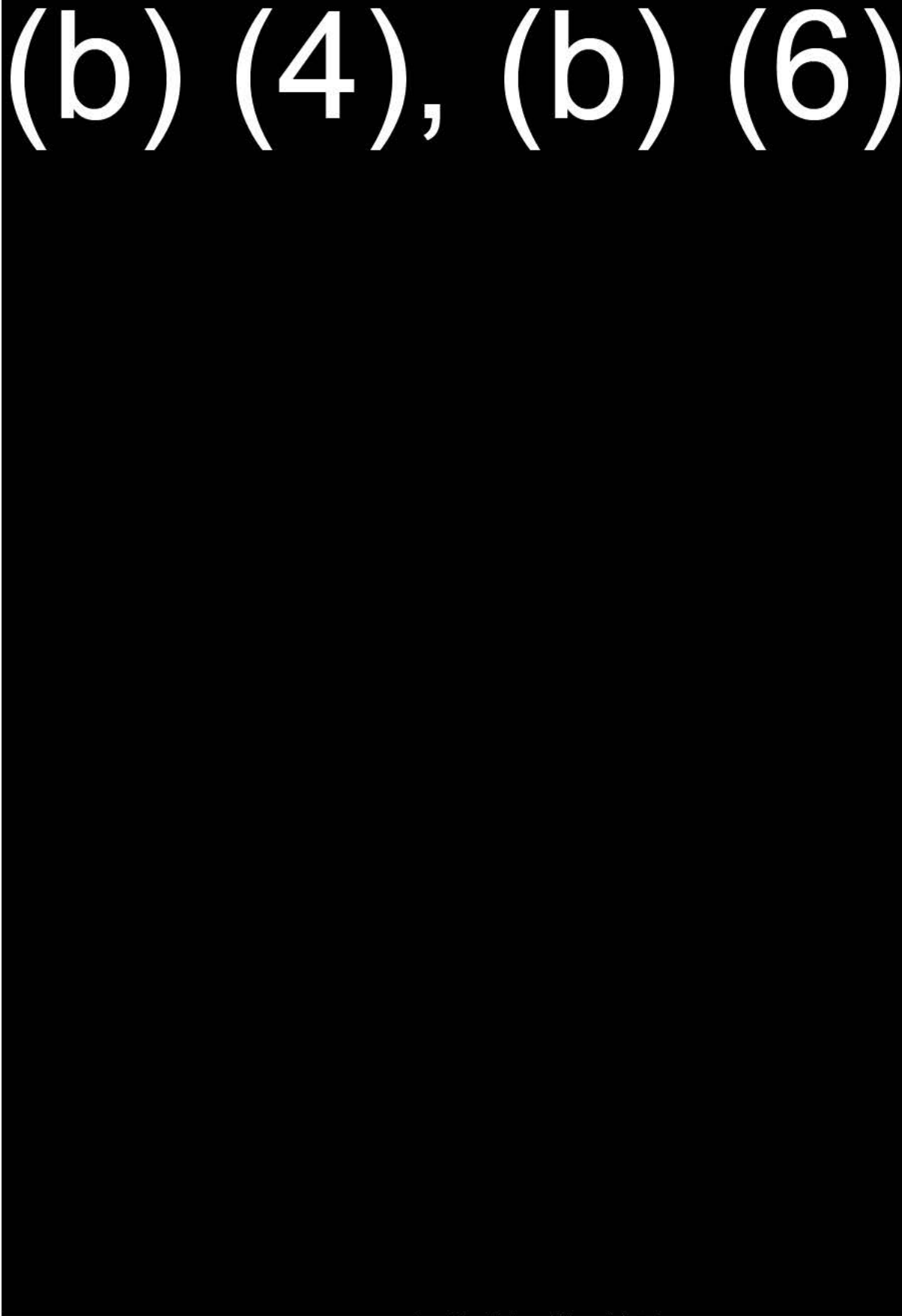
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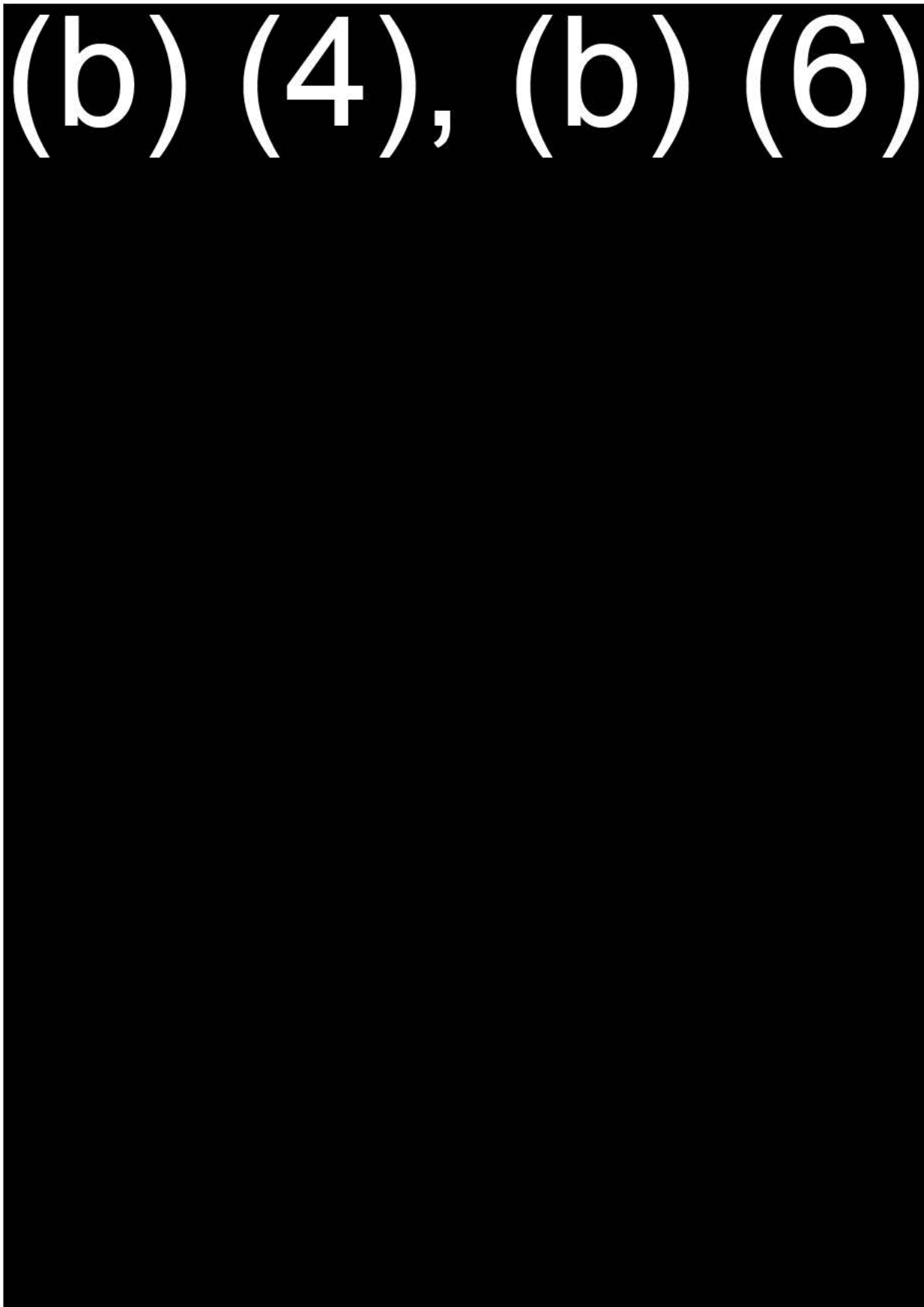
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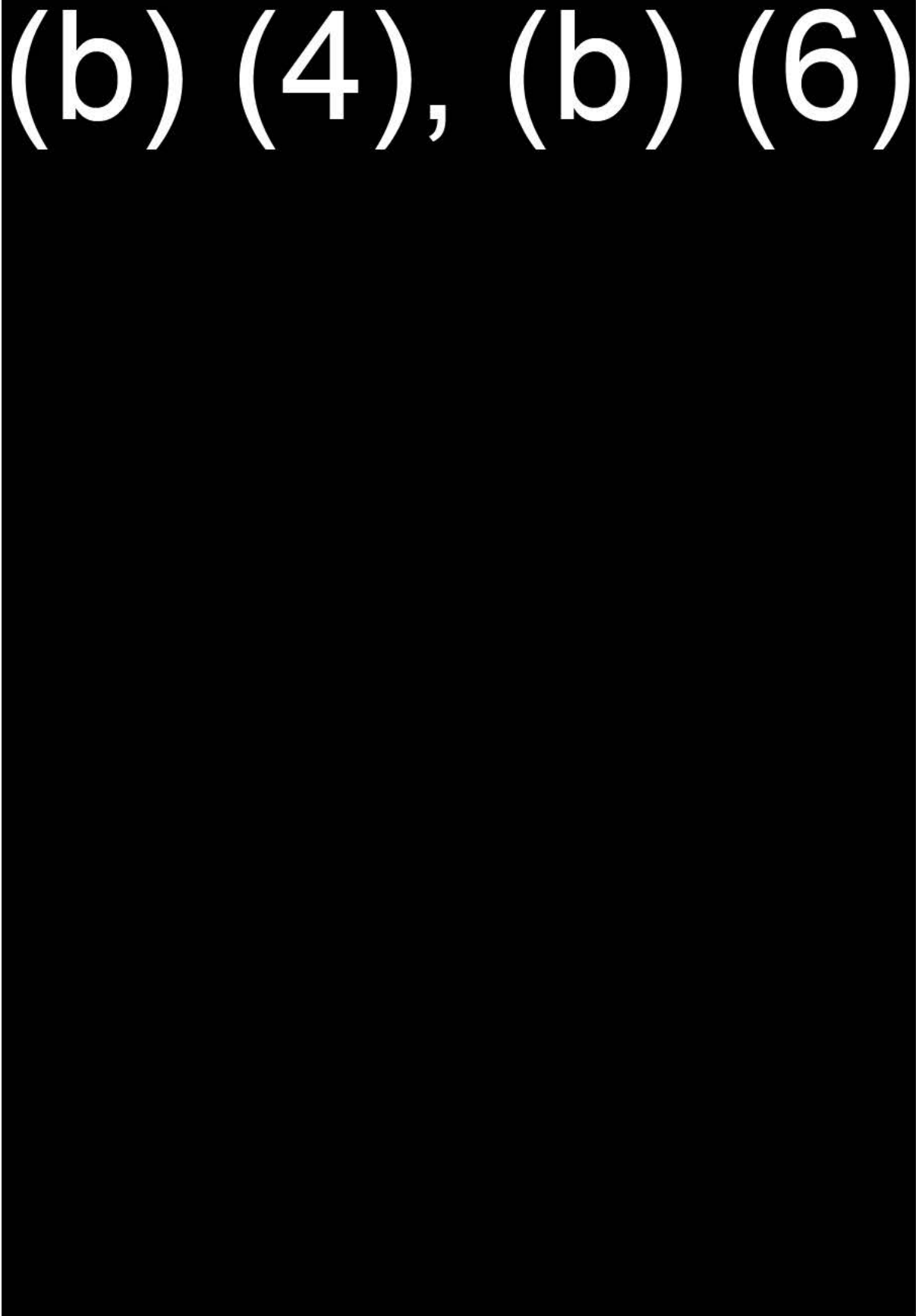
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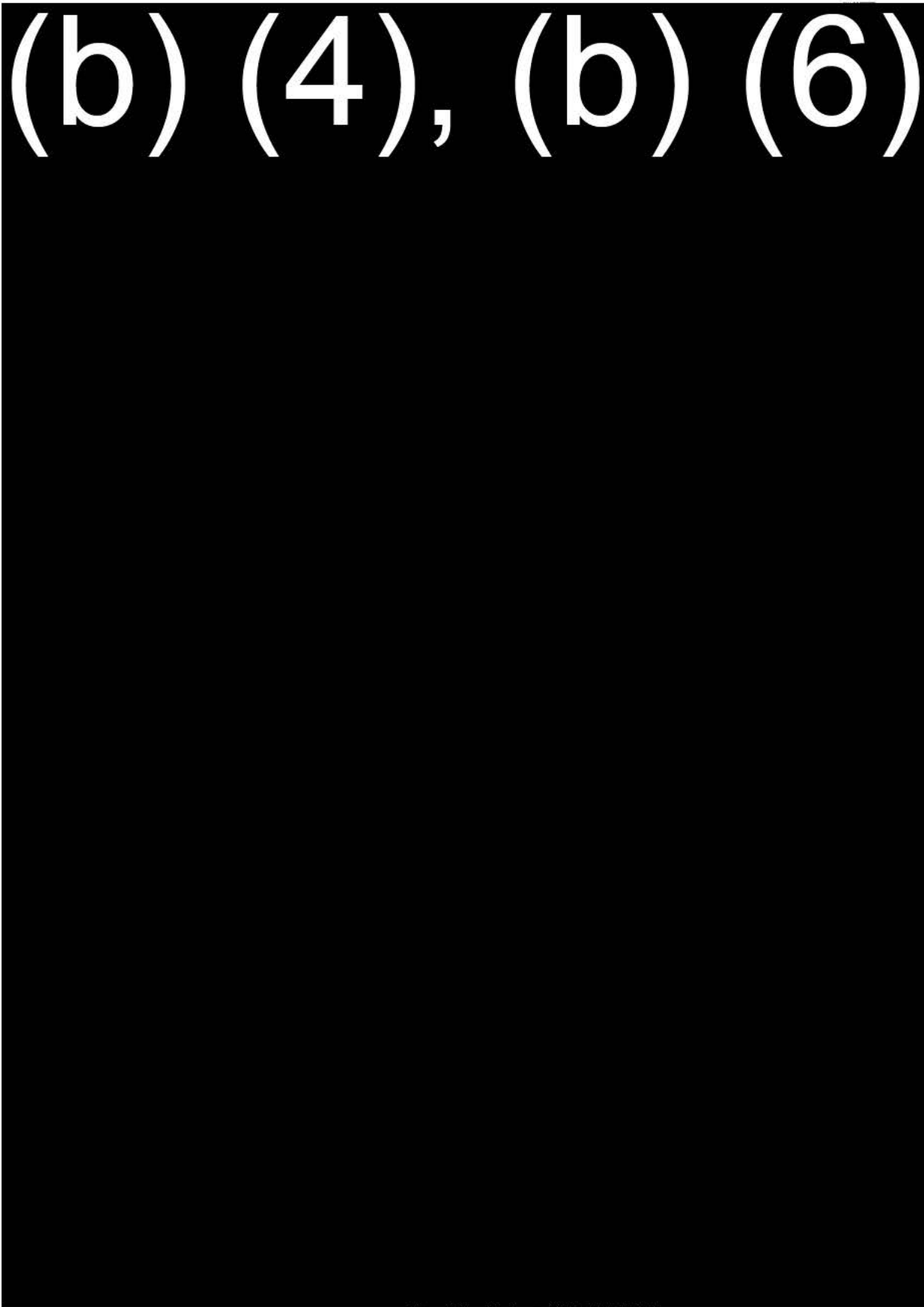
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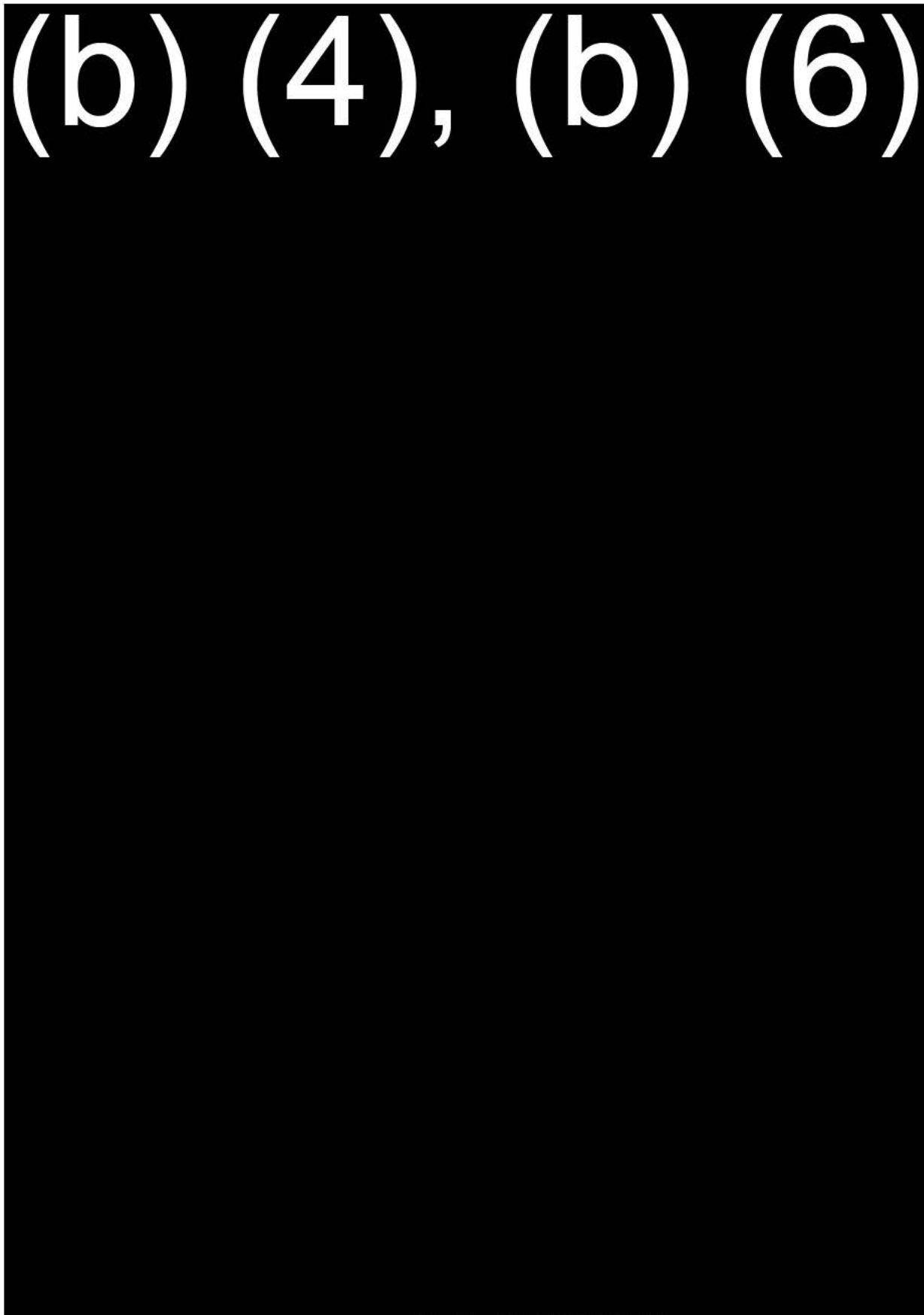
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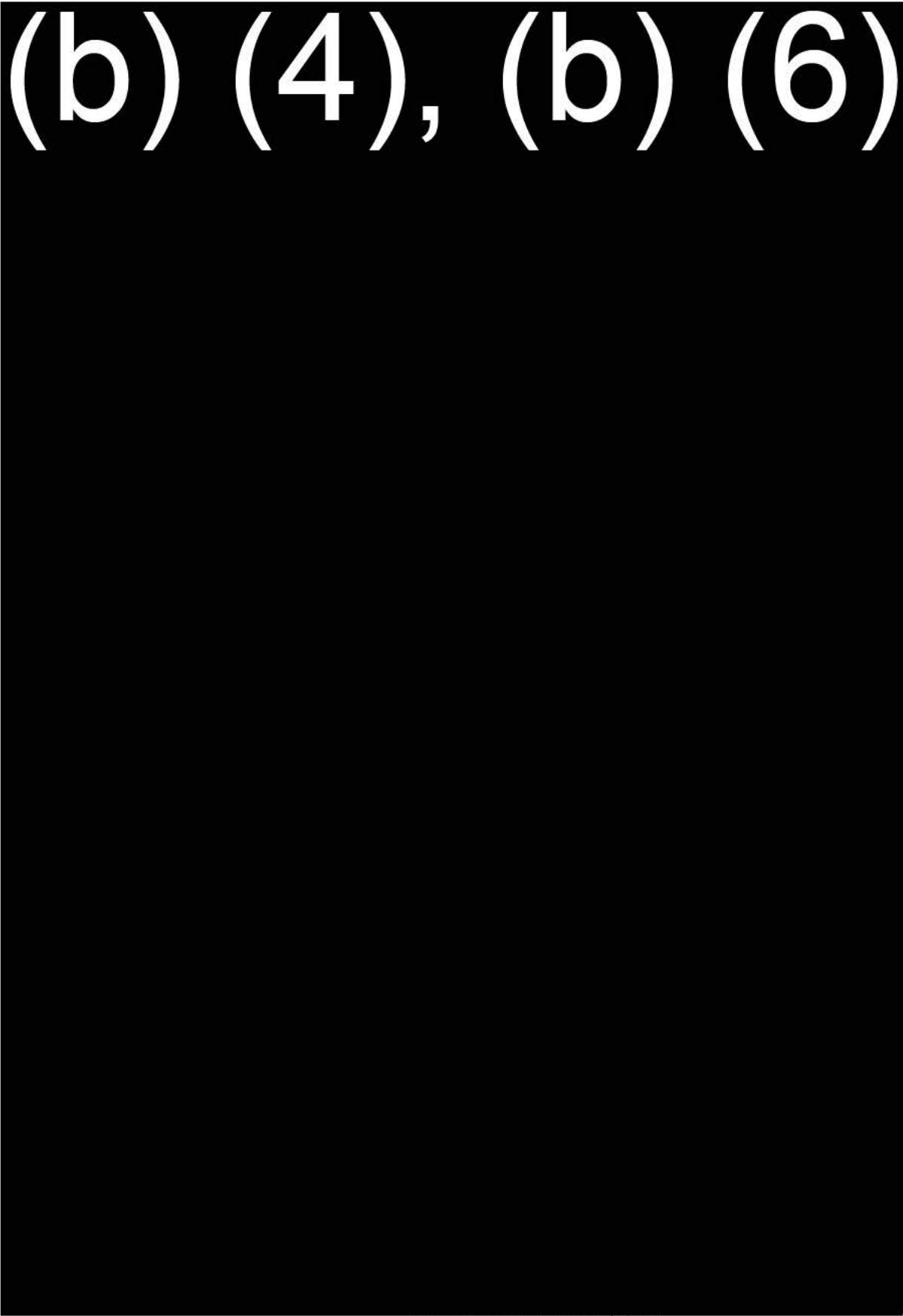
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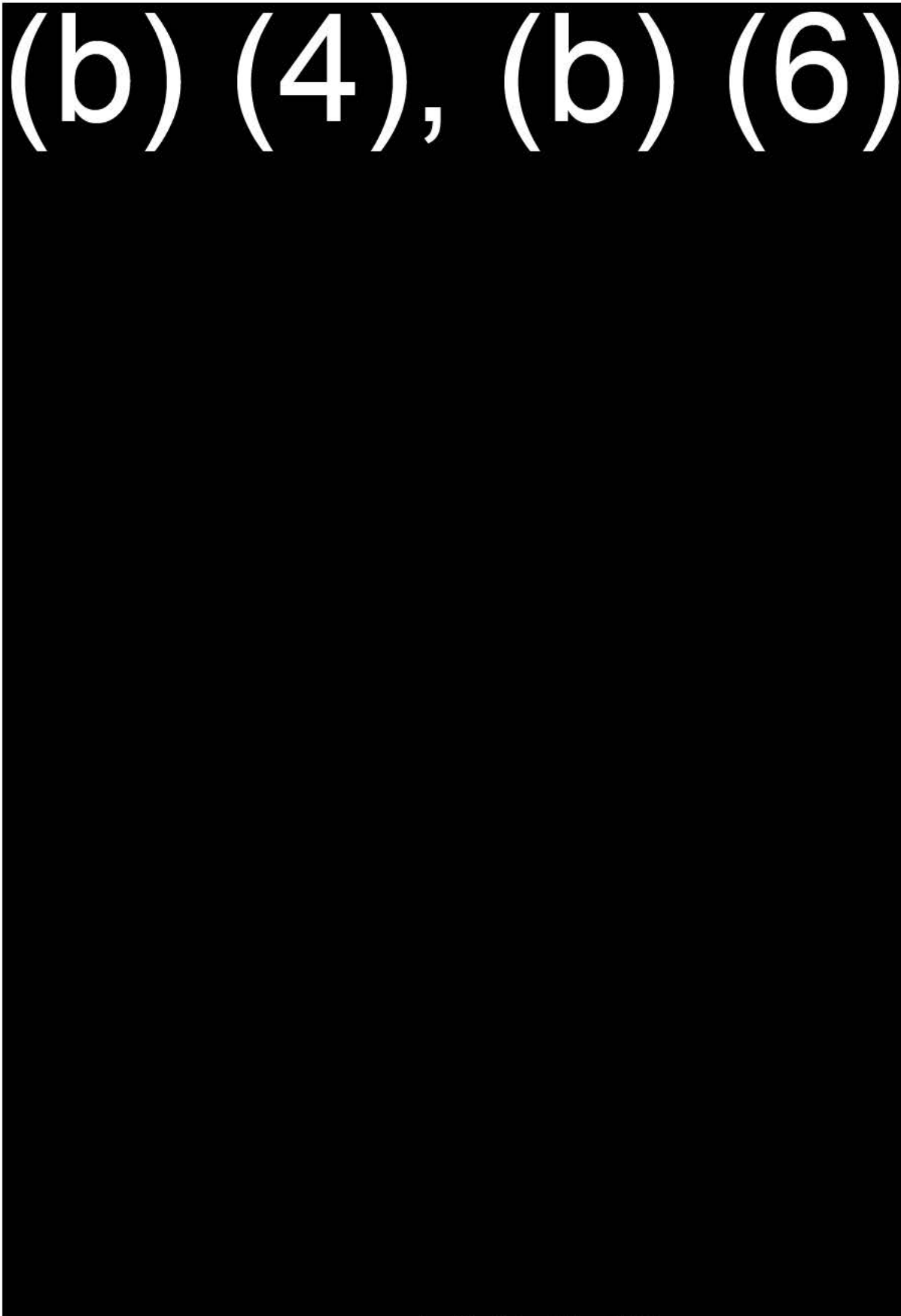
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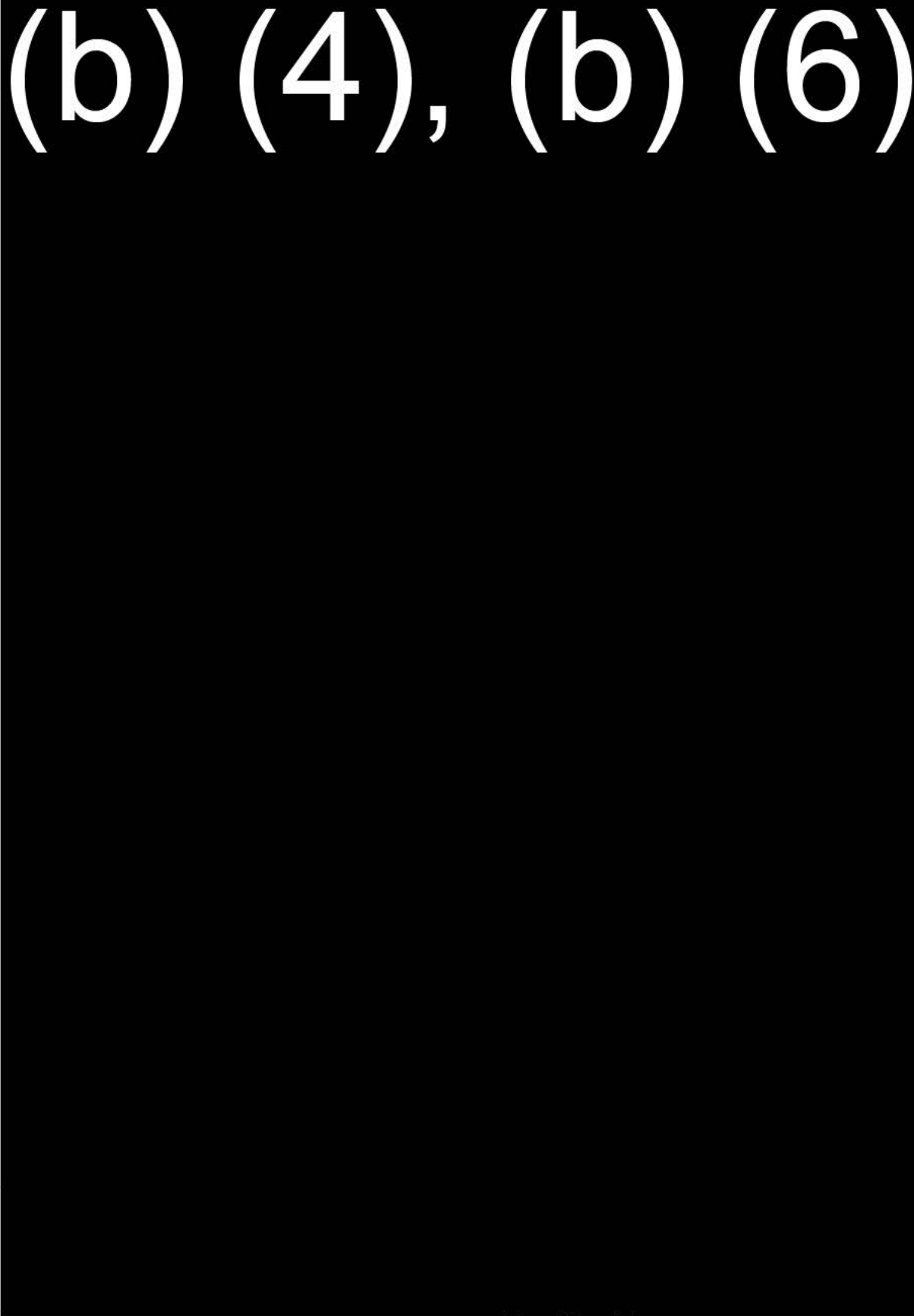
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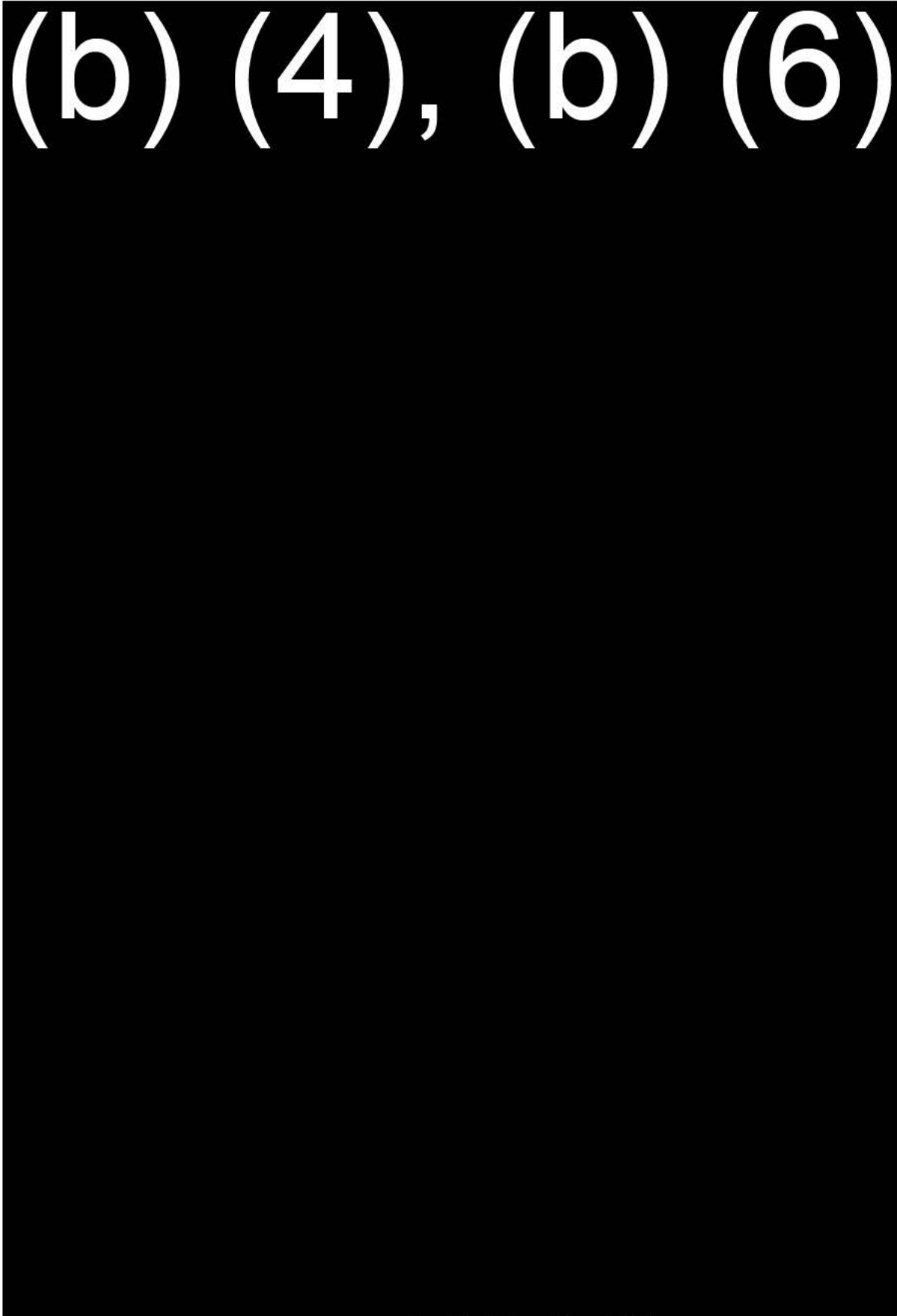
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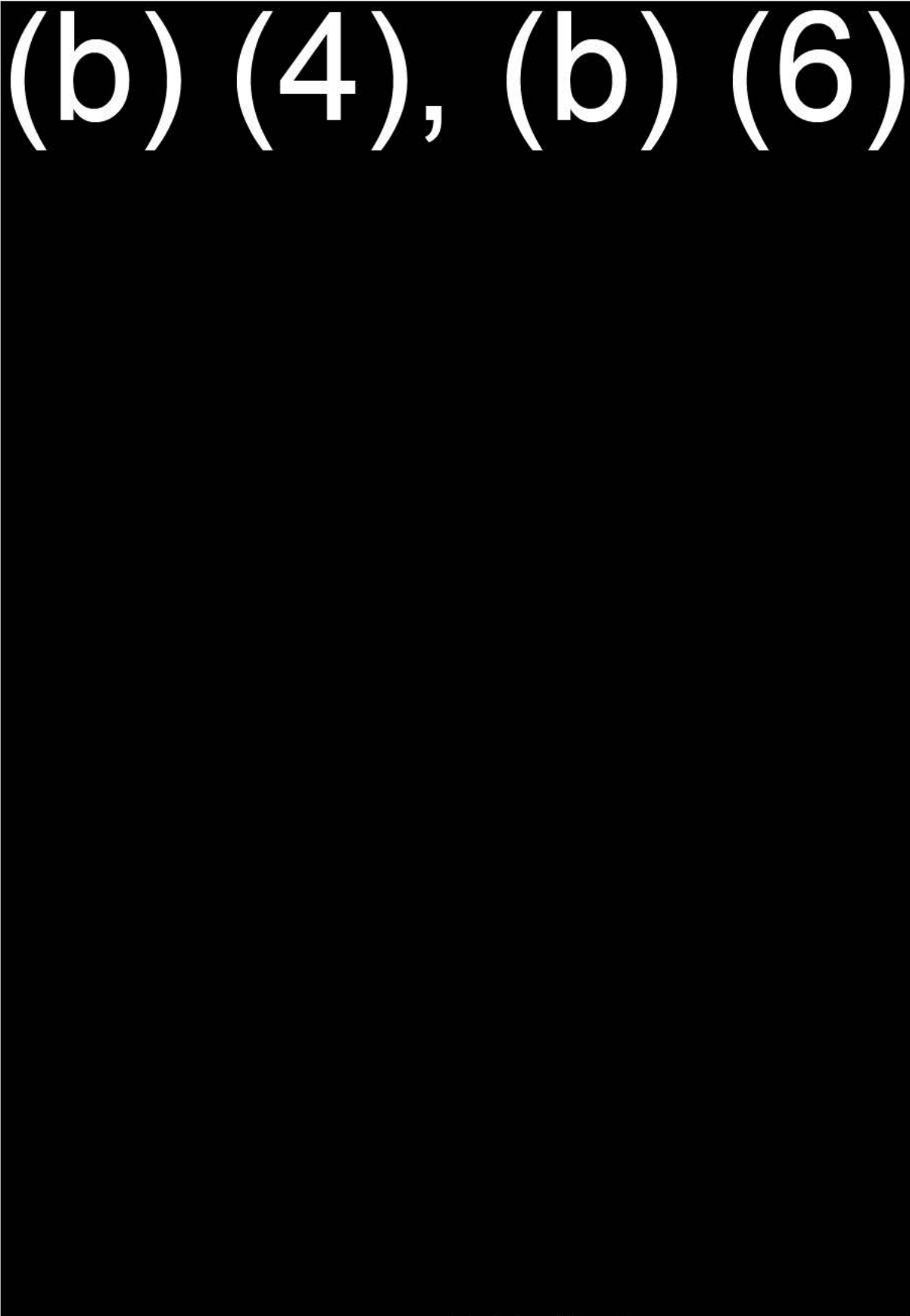
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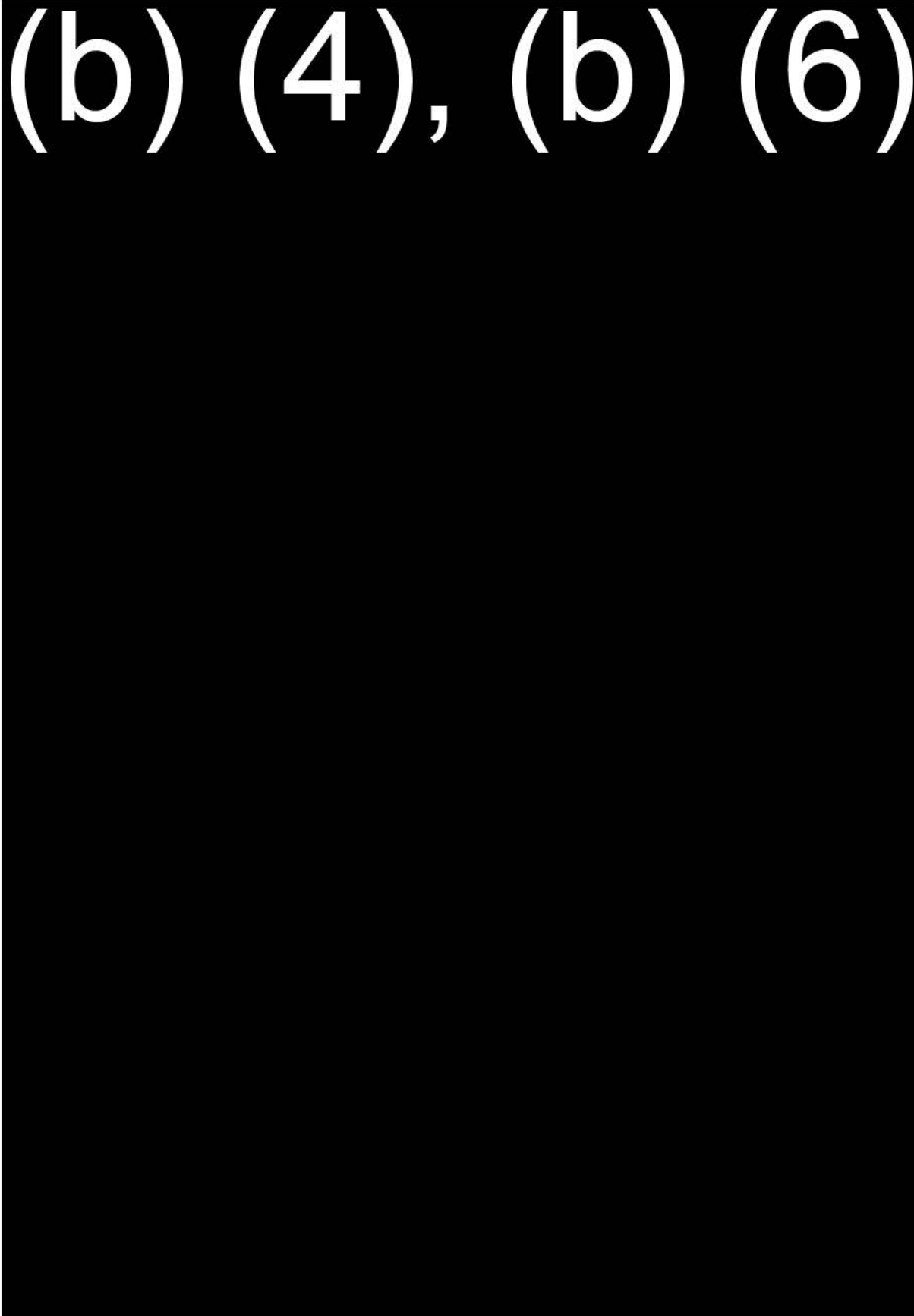
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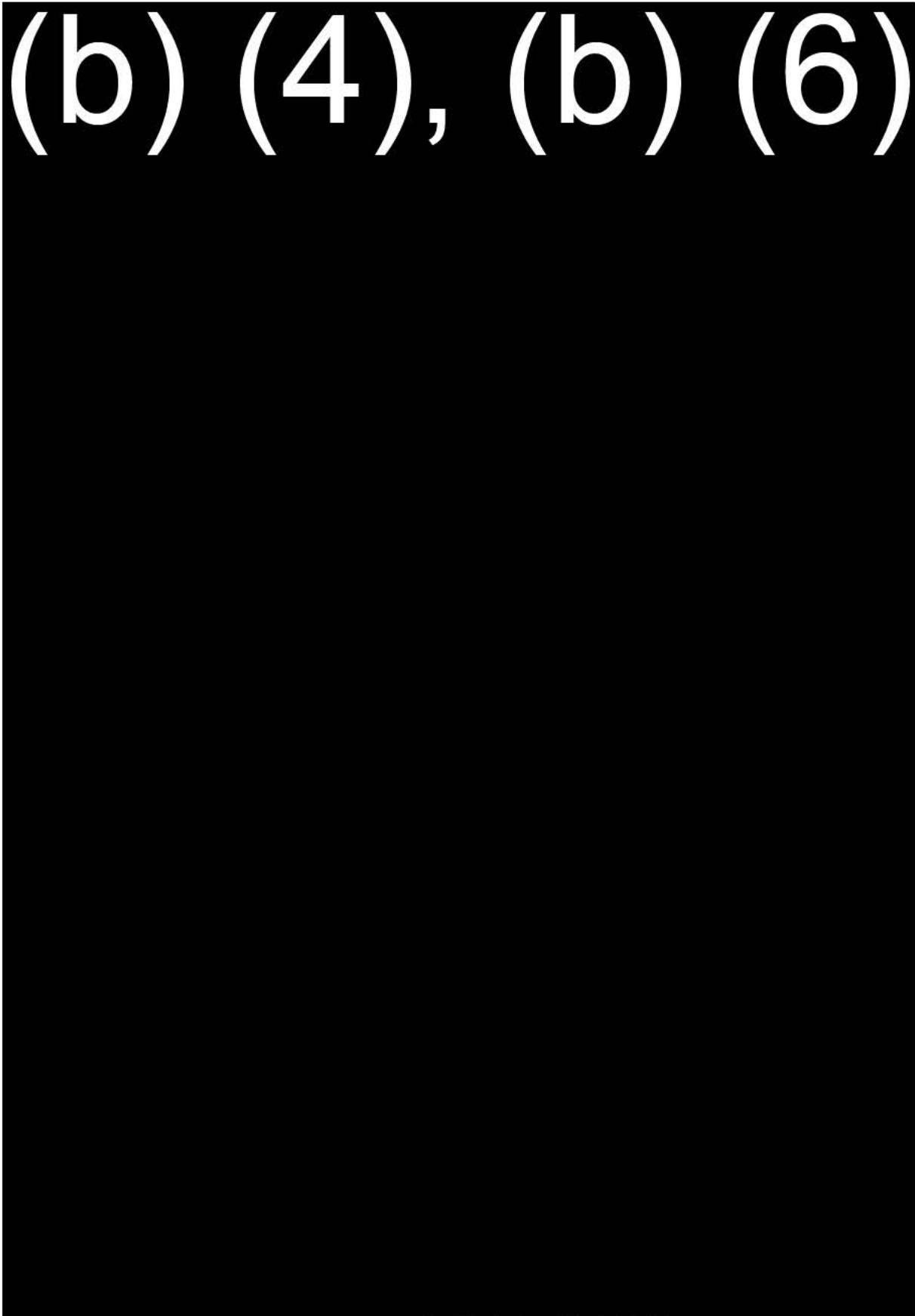
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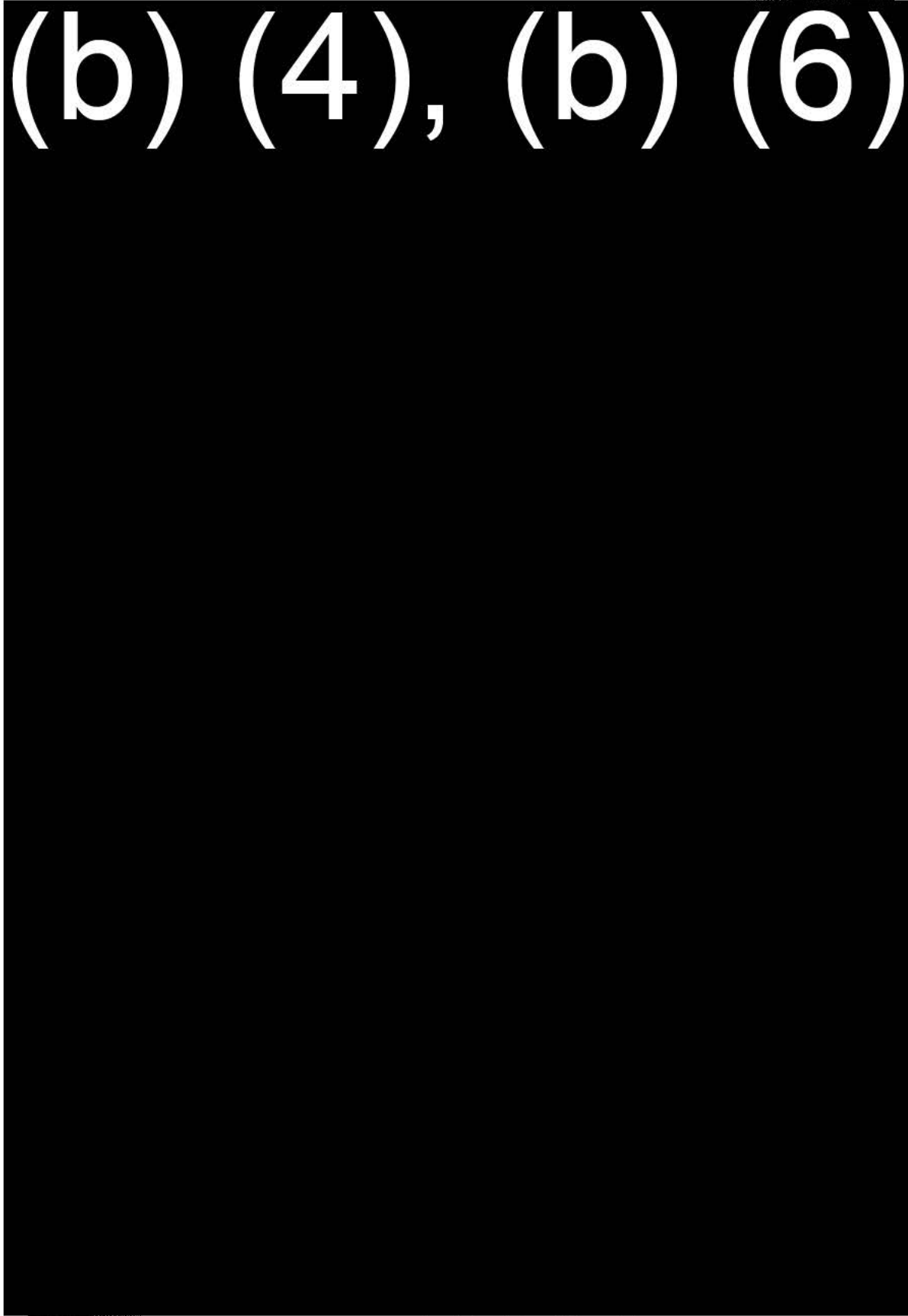
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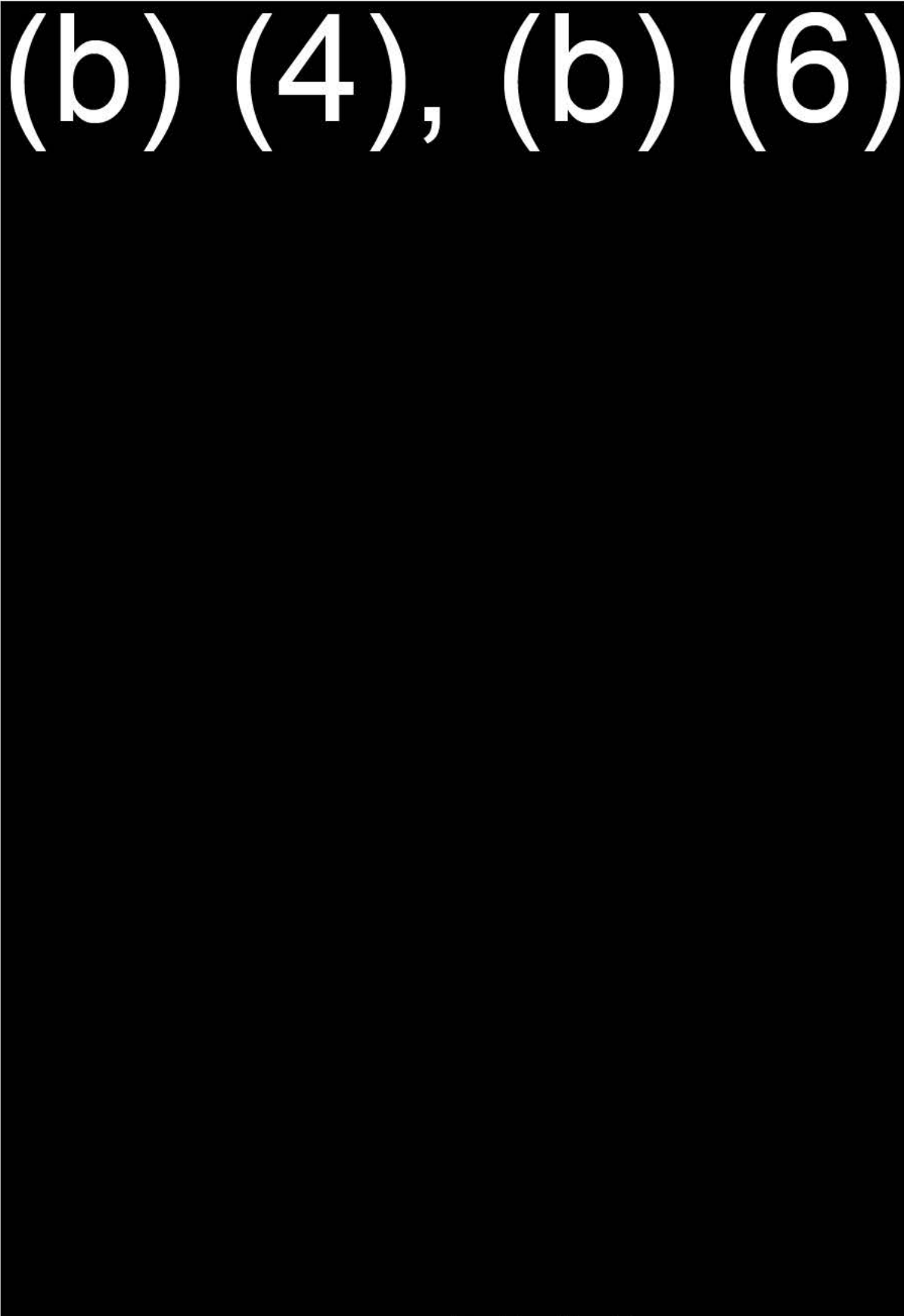
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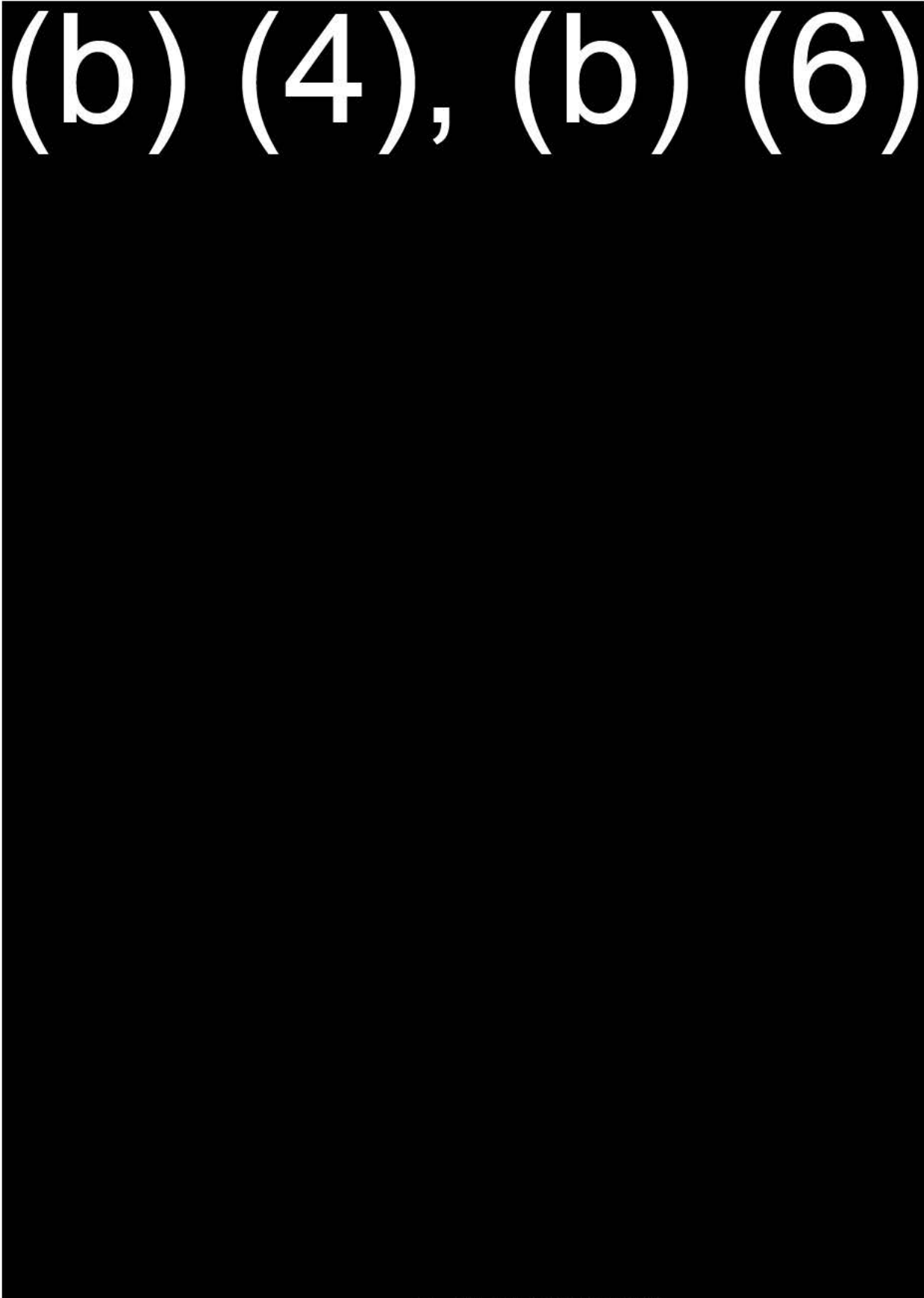
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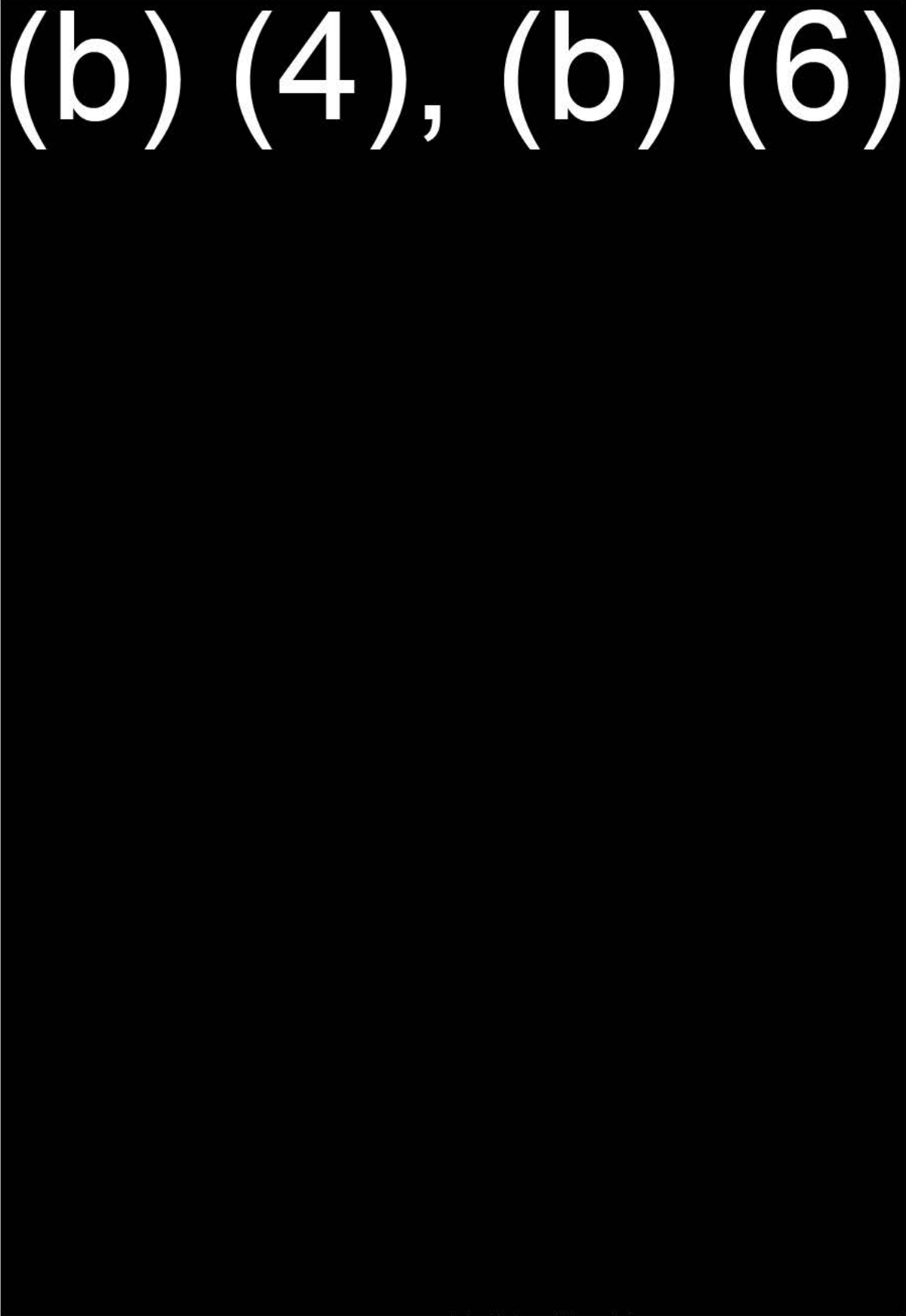
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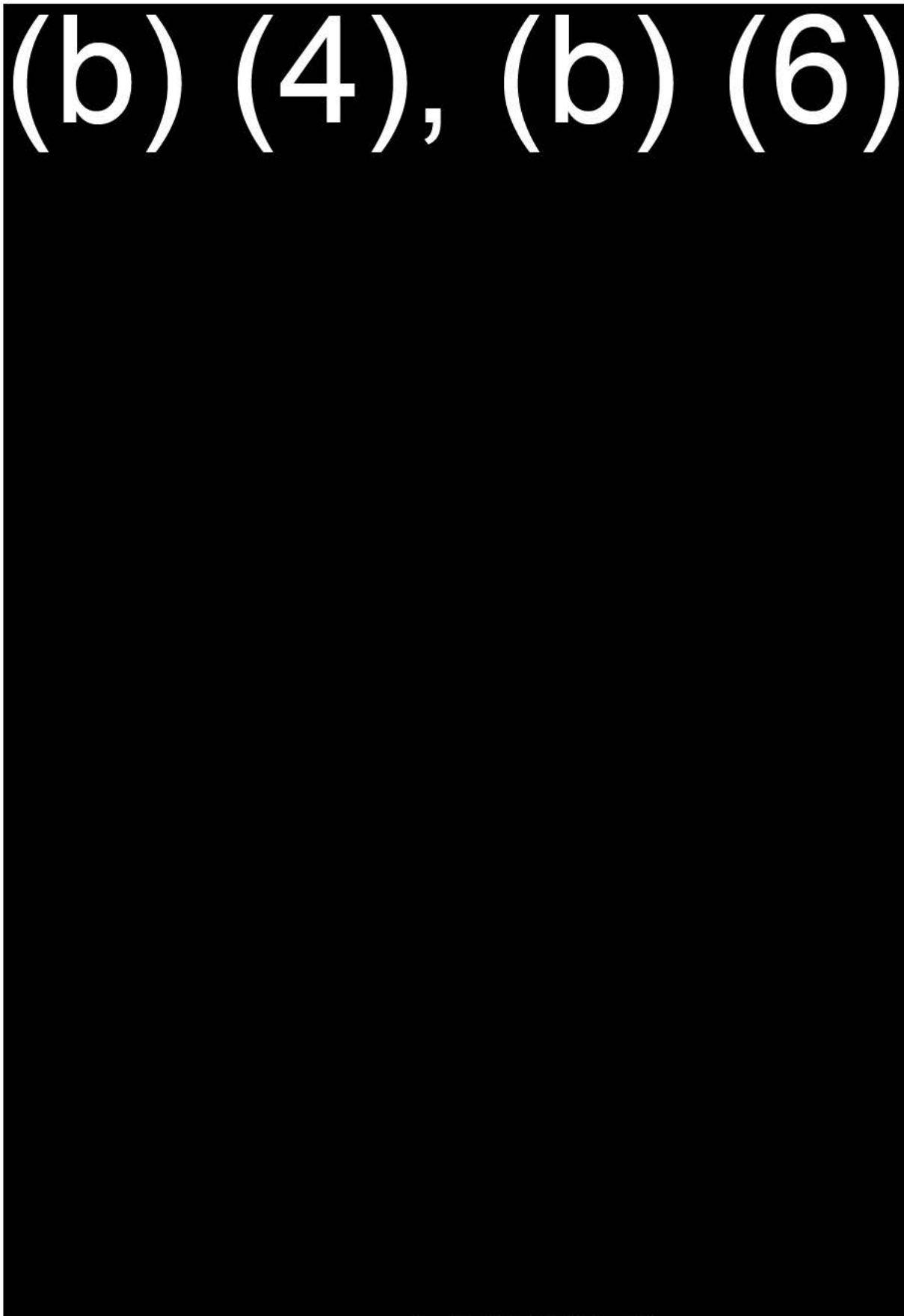
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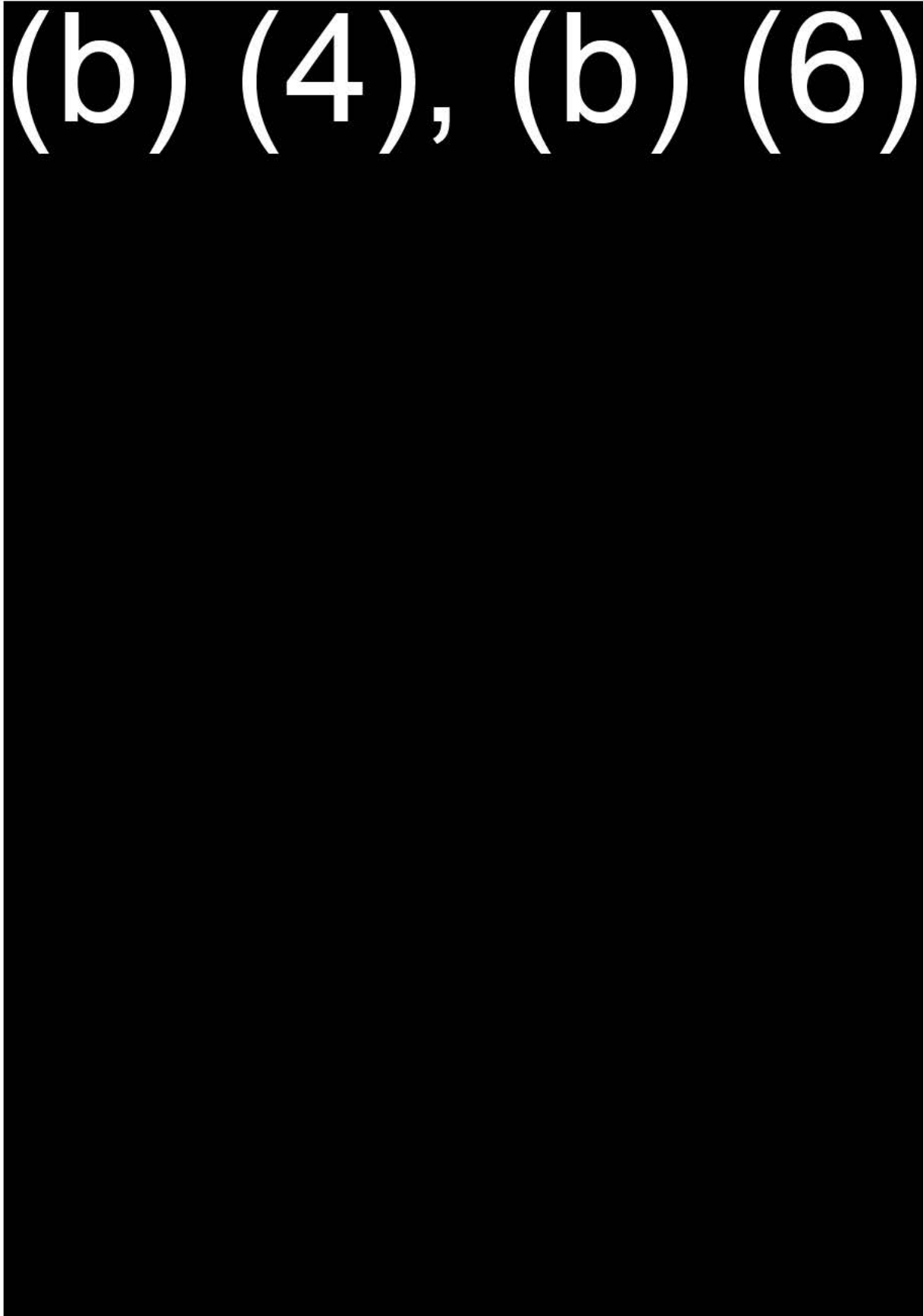
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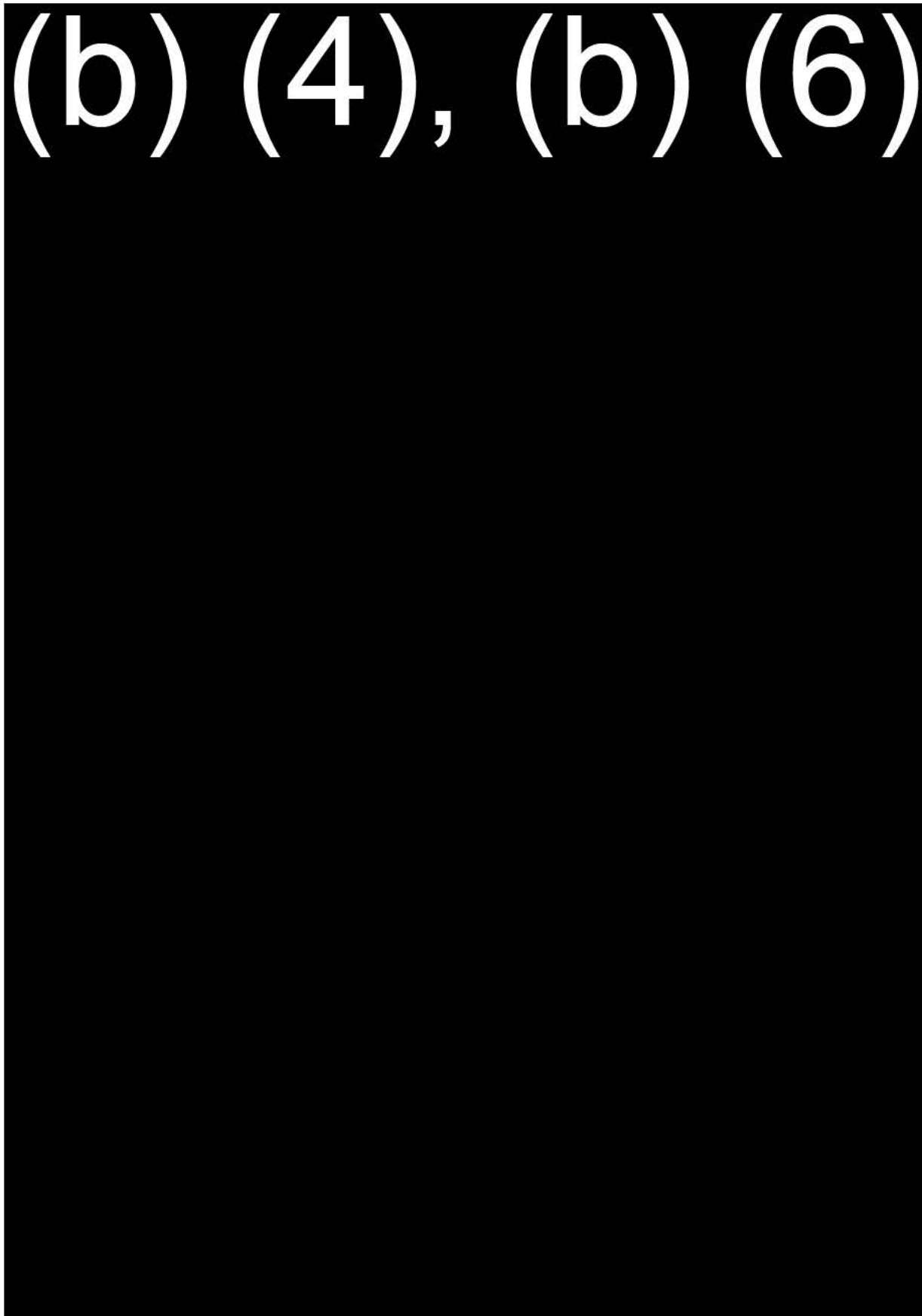
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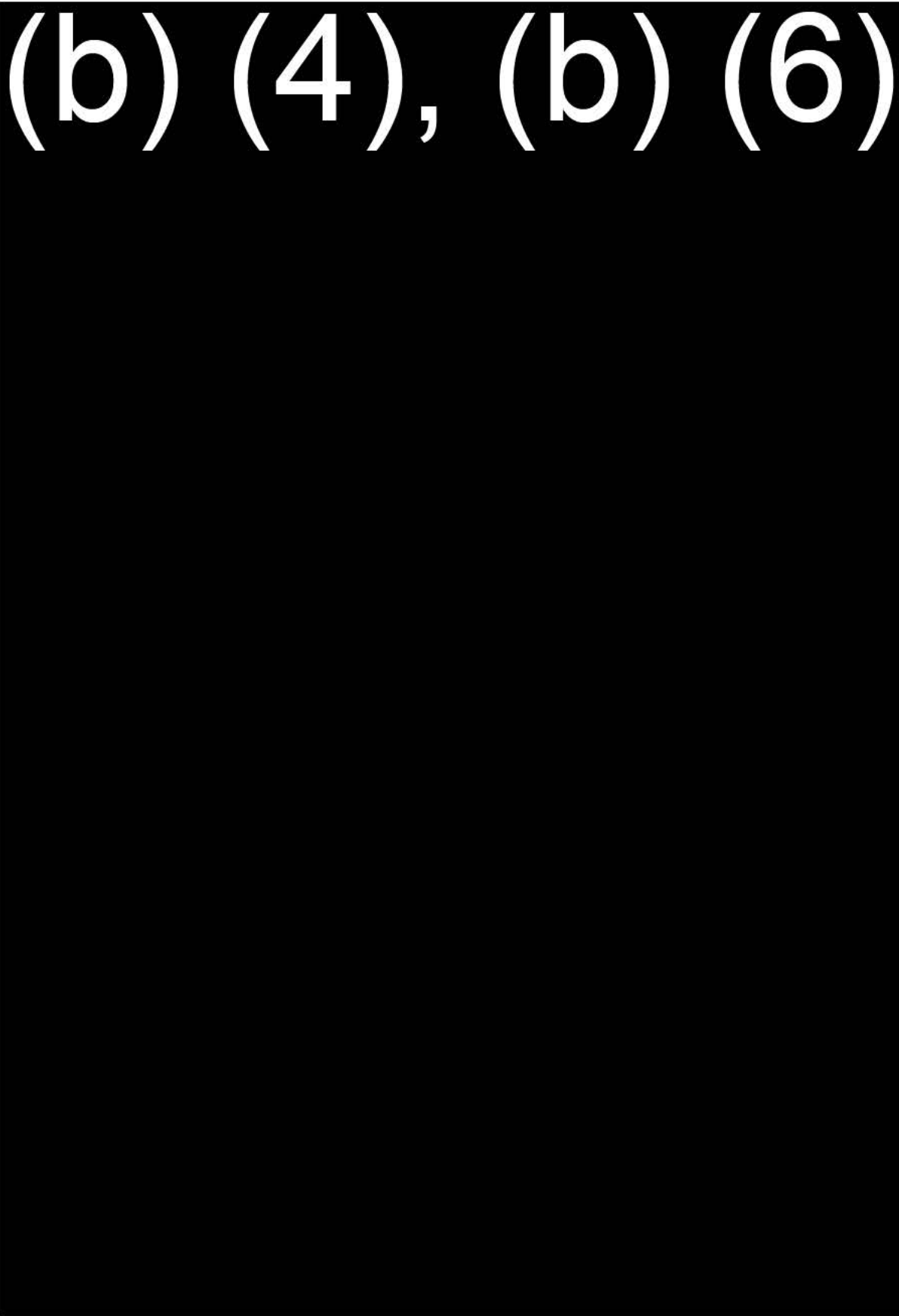
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U.S. Department of Labor

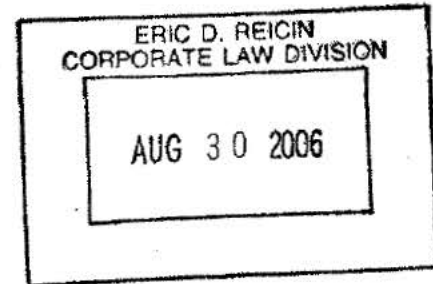
Occupational Safety & Health Administration
71 Stevenson St. Suite 420
San Francisco, CA 94105
(415) 975-4310
Fax: (415) 975-4319



August 25, 2006

VIA CERTIFIED MAIL

b6, b7C



Re: SLM Corporation, **b6, b7C**

Dear **b6, b7C**

This is to advise you that we have completed our investigation of the above-referenced complaint filed by you (Complainant) against SLM Corporation (Respondent) under the employee protection provisions of Section 806 of the Corporate and Criminal Fraud Accountability Act of 2002, Title VIII of the Sarbanes-Oxley Act of 2002, 18 USC 1514A, (hereinafter called SOX). In brief, you alleged that Respondent terminated you for filing complaints with and participating in the Department of Education (DOE), the Government Accounting Office (GAO), and the Security Exchange Commission (SEC) investigations against Respondent.

Following an investigation of this matter by a duly authorized investigator, the Secretary of Labor, acting through her agent, the Regional Administrator for the Occupational Safety and Health Administration (OSHA), Region IX, finds no reasonable cause to believe that Respondent violated the complainant's rights under SOX and issues the following findings:

Secretary's Findings

Respondent is a company with a class of securities registered under Section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 781) and is required to file reports under Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)). Respondent's principal place of business is located in Reston, Virginia with offices in Las Vegas, Nevada. Respondent is a company within the meaning of SOX.

Respondent employed Complainant as an Entry Level Default Prevention Associate, assigned to the Student Assistance Corporation, a wholly owned subsidiary of Respondent. Complainant is an employee within the meaning of SOX.

Respondent hired Complainant on November 29, 2004. On August 11, 2005, Complainant was suspended and terminated on August 16, 2005. On August 30, 2005, Complainant filed a complaint with the Secretary of Labor alleging that Respondent discriminated against him in violation of SOX. As this complaint was filed within 90 days of the alleged adverse action, it is

deemed timely.

Complainant alleged that Respondent fired him in reprisal for filing complaints with and participating in DOE, GAO, and SEC investigations against Respondent. Complainant alleges Respondent knew of his alleged protected activity because they monitored his telephone, e-mail communiqués and restricted his e-mail access to government entities. Complainant admits that on or about July 15, 2005 he sent an e-mail containing borrowers' social security numbers to his home e-mail account but insists he did so at the request of a GAO investigator. Complainant alleges that on or about August 4, 2005, he informed Respondent's Human Resources Manager that his e-mail and phones were being monitored.

Respondent denied knowledge of any alleged protected activity prior to the decision to terminate Complainant's employment. Respondent presented evidence demonstrating performance and disciplinary problems throughout Complainant's nine-months of employment. The evidence demonstrates and Complainant does not dispute, that he received nine disciplinary actions during his nine-months of employment. The disciplinary actions were progressive in nature including verbal counseling, written, second and final written warnings, suspensions and termination. Topics for which Complainant was disciplined included failure to meet minimum standards, attendance, improper e-mail correspondence, violating Respondent's e-mail policy, making misleading statements to borrowers, sexual harassment and violating Respondent's Code of Business Conduct by sending an e-mail to his home e-mail account that contained borrowers' social security numbers.

Complainant's contact with two of the three identified government agencies can be verified. Complainant's allegations however, are not supported by the evidence. Respondent contends, and the evidence does not dispute, they would have taken the same action regardless of Complainant's alleged protected activity. Consequently, this complaint is dismissed.

Respondent and Complainant have 30 days from the receipt of these Findings to file objections and to request a hearing before an Administrative Law Judge (ALJ). If no objections are filed, these Findings will become final and not subject to court review. Objections must be filed in writing with:

Chief Administrative Law Judge
U.S. Department of Labor
Suite 400N, Techworld Building
800 K Street NW
Washington D.C. 20001-8002
(202)693-7542, Facsimile (202) 693-7365

with copies to:

Respondent:
SLM Corporation
10550 E. Charleston Blvd
Las Vegas, NV 89135

Respondent's Attorney:
Eric D. Reicin
12061 Bluemont Way
Reston, VA 20190

Regional Administrator
Occupational Safety and Health Administration
71 Stevenson St. Suite 420
San Francisco, CA 94105

Department of Labor, Associate Solicitor
Division of Fair Labor Standards
200 Constitution Avenue NW, N2716
Washington, D.C. 20210

In addition, please be advised that the U.S. Department of Labor generally does not represent any party in the hearing; rather, each party presents his or her own case. The hearing is an adversarial proceeding before an Administrative Law Judge (ALJ) in which the parties are allowed an opportunity to present their evidence *de novo* for the record. The ALJ who conducts the hearing will issue a decision based on the evidence, arguments, and testimony presented by the parties. Review of the ALJ's decision may be sought from the Administrative Review Board, to which the Secretary of Labor has delegated responsibility for issuing final agency decisions under SOX. A copy of this letter has been sent to the Chief Administrative Law Judge along with a copy of your complaint.

Sincerely,

b6, b7C

Frank ~~Strasheim~~
Regional Administrator

cc: Chief Administrative Law Judge
USDOL/SOL
Securities Exchange Commission
Respondent
Respondent's Attorney

(b) (4), (b) (6)

(b) (4), (b) (6)



(b) (4), (b) (6)

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(b) (4), (b) (6)



(b) (4), (b) (6)

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
 Chicago/Kansas City Investigation Region



500 West Madison St. Suite 1414
 Chicago, IL 60661
 Phone (312) 730-1630
 Fax (312) 730-1550

8930 Ward Parkway, Ste 2401
 Kansas City, MO 64114-3302
 Phone (816) 268-0530
 Fax (816) 268-0526

February 14, 2007

Mr. Eric D. Reicin
 Vice President & Associate General Counsel
 Sallie Mae, Inc.
 12061 Bluemont Way
 Reston, VA 20190

Dear Mr. Reicin:

The OIG subpoena dated June 28, 2006 and sent to your office requested all lender, guarantor, CLASS and BPS information for all loans that were made current through verbal forbearance by Student Assistance Corporation (SAC) Las Vegas employees from November 2002 through September 2005, specifically, items 1 through 3 on Attachment B of that subpoena (attached). After your receipt of the subpoena and our subsequent conversation you stated that this request could constitute one million records. With our understanding that this request was not feasible you agreed to provide other specific items listed in Attachment B, the OIG would continue its investigation and, if necessary at a later date, request compliance with items 1 through 3 for a more specific number of accounts. Our investigation is now at the point where we are requesting compliance with items 1 through 3 for accounts worked by specific default prevention specialists of the SAC.

Referring to the data you provided pursuant to item 7 of the June 28, 2006 OIG subpoena, compliance with items 1 through 3 is being requested for the following accounts. Of these accounts we are requesting this information for only those accounts satisfied through verbal forbearance:

Employee	Month	Accounts SAT
b6, b7C	December 2004	b6, b7C
	April 2005	
	November 2004	
	April 2005	
	October 2004	
	November 2004	
	August 2004	
	October 2004	
	October 2004	
	May 2005	

3/9/07
 CONVERSATION w/ REICIN.
 WILL PROVIDE BPS FOR
 THE FOLLOWING.

In addition, the information from items 1 through 3 of Attachment B is requested for the following accounts that were satisfied through verbal forbearance in the time frame of the June 28, 2006 subpoena:

b6, b7C

An additional subpoena will be sent to you requesting a daily telephone log of all calls made by SAC employees on the dates for which verbal forbearances were recorded for all the accounts referred to in this letter.

We request that the data for subpoenaed items 1 through 3 of Attachment B be produced in electronic format if possible. Please contact me to arrange a discussion with Office of Inspector General computer technicians to determine the data format and the appropriate manner of providing the data.

If you have any questions please contact me at **b6, b7C**

Regards,

b6, b7C

Special Agent

INTEROFFICE MEMORANDUM

DATE: June 15, 2005

TO: b6, b7C

FROM: b6, b7C

SUBJECT: Final Written Warning – False Documentation

This memorandum serves as a final written warning for false documentation in regards to a USA Funds account b6, b7C. At 4:24pm on May 2, 2005, you documented in BPS b6, b7C INFORMATION ONLY SAID THAT HE WILL NEVER PAY ON THE LOAN, THEN H/U". Just 26 minutes later (at 4:50pm), you documented another call to the borrower on BPS "OUT BORR b6, b7C FORB RQST QLFD:Y PRMS SEND:Y". A phone report was ordered and it showed that no calls were made to b6, b7C on May 2, 2005.

When questioned about this incident on June 10, 2005, you did not have any reasonable explanation for what happened. According to the DMO Compliance Matrix, your actions may have caused two separate violations:

- 1) Calling a borrower back after intentional hang up (final written warning)
- 2) False documentation (termination)

You are prohibited from re-contacting a borrower after an intentional hang up. Furthermore, proper documentation on BPS is a critical function of your job responsibilities as a Default Aversion Associate for SAC. You can only document what actually happened on each account. Strict compliance of this policy must be adhered to at all times.

You previously received a final written warning on May 11, 2005 for violating Sallie Mae's Code of Business Conduct. Since this recent incident occurred prior to your previous final written warning and your behavior has improved, you are being given a second final written warning for false documentation. SAC does not tolerate this type of behavior and if it continues, you will be subject to further disciplinary action up to and including termination.

Your signature below acknowledges that you have read this memorandum and understand the serious nature of your situation.

b6, b7C

6/20/05
Date

b6, b7C

6/20/05
Date

b6, b7C

6/17/05
Date

SAC 1038

b6, b7C

(b) (4), (b) (6)

SAC 4728
Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
SAC February 2007 Response to DOE OIG Subpoena

(b) (4), (b) (6)

(b) (4), (b) (6)

SAC 4674
Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
SAC February 2007 Response to DOE OIG Subpoena

From: **b6, b7C**
 To: **b6, b7C**
 Date: 6/29/05 11:07AM
 Subject: **b6, b7C** Investigation of May SATs

SAC conducted an investigation based upon a random sampling of **b6, b7C** forbearance promises made in May 2005. We requested phone records and matched them with BPS documentation and forbearance forms to determine if her performance in May 2005 was legitimate before we paid her the \$2,288.91 bonus for 2005 trigger SATs (and Speedpays) and the \$400.00 bonus for being ranked #2 on the High Balance team.

This is an overview of what we found: 12 accounts were reviewed and **b6, b7C** received SAT credit for 5 accounts in which it appeared fraud was involved.

- 1) **b6, b7C** No call documented being made by **b6, b7C** on 5/19 was long enough (11 seconds, 3 seconds & 9 seconds) to do a verbal forbearance with the borrower. Appears a fraudulent verbal forbearance was processed through Sallie Mae.
- 2) **b6, b7C** documented a call on 5/19 that never happened. Appears a fraudulent verbal forbearance was processed through Sallie Mae.
- 3) **b6, b7C** Borrower faxed signed forbearance to SAC on 5/24 at 7:07am PDT. Appears **b6, b7C** picked up forbearance form off fax machine and tried to take credit. Nicole documents she called borrower on 5/24 at 12:06pm PDT and discusses verbal forbearance (phone records were not requested). **b6, b7C** documents on 5/25 that she received forbearance form from borrower.
- 4) **b6, b7C** documented calling the borrower on 5/31 about forbearance, but phone records show 2 calls attempted for 0 seconds meaning there was no borrower contact. The only faxed forbearance processed by Sallie Mae came from Allied Interstate, who was working an outsourced account. **b6, b7C** tried to take credit.
- 5) **b6, b7C** Borrower faxed signed forbearance to SAC on 5/27. Appears **b6, b7C** picked up forbearance form off fax machine and tried to take credit. **b6, b7C** calls borrower 5/31 @ 12:33pm PDT and has 46 second conversation (she documented a forbearance promise). **b6, b7C** faxed forbearance form to Sallie Mae at 12:35pm PDT (2 minutes later).

3 of the 5 accounts **b6, b7C** committed fraud on cured in May 2005. Attached is a spreadsheet showing how much of her May bonus would have been affected (\$293.98), which brings her down to \$1,995.63. She would have still finished ranked #2 and received a \$400.00 bonus.

Due to the fraudulent activities involved, my recommendation would be to not pay **b6, b7C** any of this \$2,395.63 bonus for May. Please let me know how we should proceed with this matter. I have all on the investigation information in my office. Thanks!

cc: **b6, b7C**

*per **b6, b7C** requested check 6/29 \$2,395.63*

(b) (4), (b) (6)

SAC 4726
Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
SAC February 2007 Response to DOE OIG Subpoena

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(b) (4), (b) (6)



(b) (4), (b) (6)

SAC 4119
Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
SAC February 2007 Response to DOE OIG Subpoena

(b) (4), (b) (6)

SAC 4120
Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
SAC February 2007 Response to DOE OIG Subpoena

From: [REDACTED]
To: [REDACTED]
Date: 6/29/05 11:07AM
Subject: b6, b7C investigation of May SATs

SAC conducted an investigation based upon a random sampling of b6, b7C forbearance promises made in May 2005. We requested phone records and matched them with BPS documentation and forbearance forms to determine if her performance in May 2005 was legitimate before we paid her the \$2,288.91 bonus for 2005 trigger SATs (and Speedpays) and the \$400.00 bonus for being ranked #2 on the High Balance team.

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cc:

b6, b7C

per b6, b7C

requested check 6/29 \$2,395.63

(b) (4), (b) (6)

SAC 4727
Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
SAC February 2007 Response to DOE OIG Subpoena

(b) (4), (b) (6)



(b) (4), (b) (6)

(b) (4), (b) (6)

SAC 4263
Confidential and Proprietary
Not Subject to Disclosure under FOIA (Exemptions 4 and 6)
SAC February 2007 Response to DOE OIG Subpoena

(b) (4), (b) (6)

(b) (4), (b) (6)

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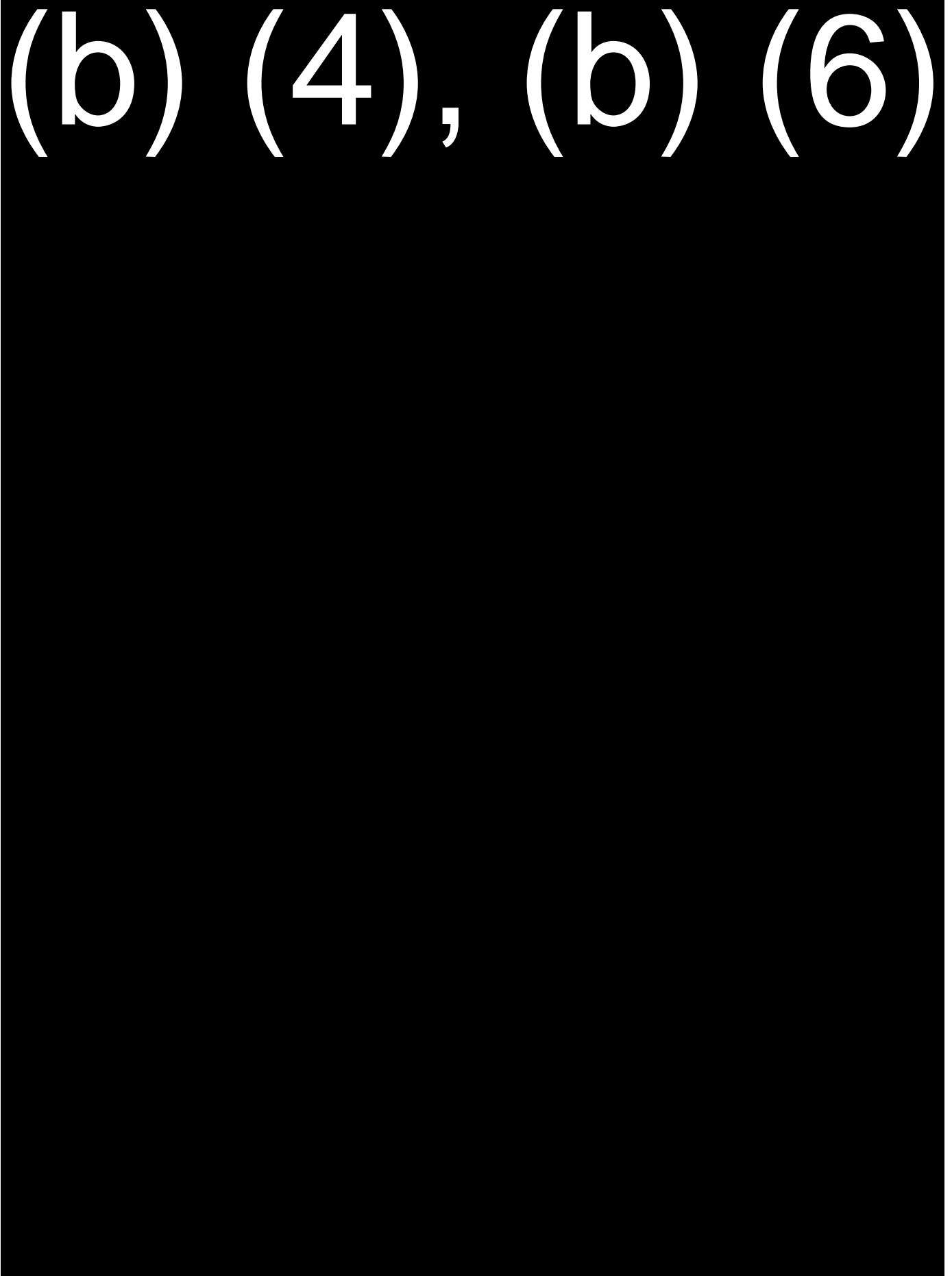


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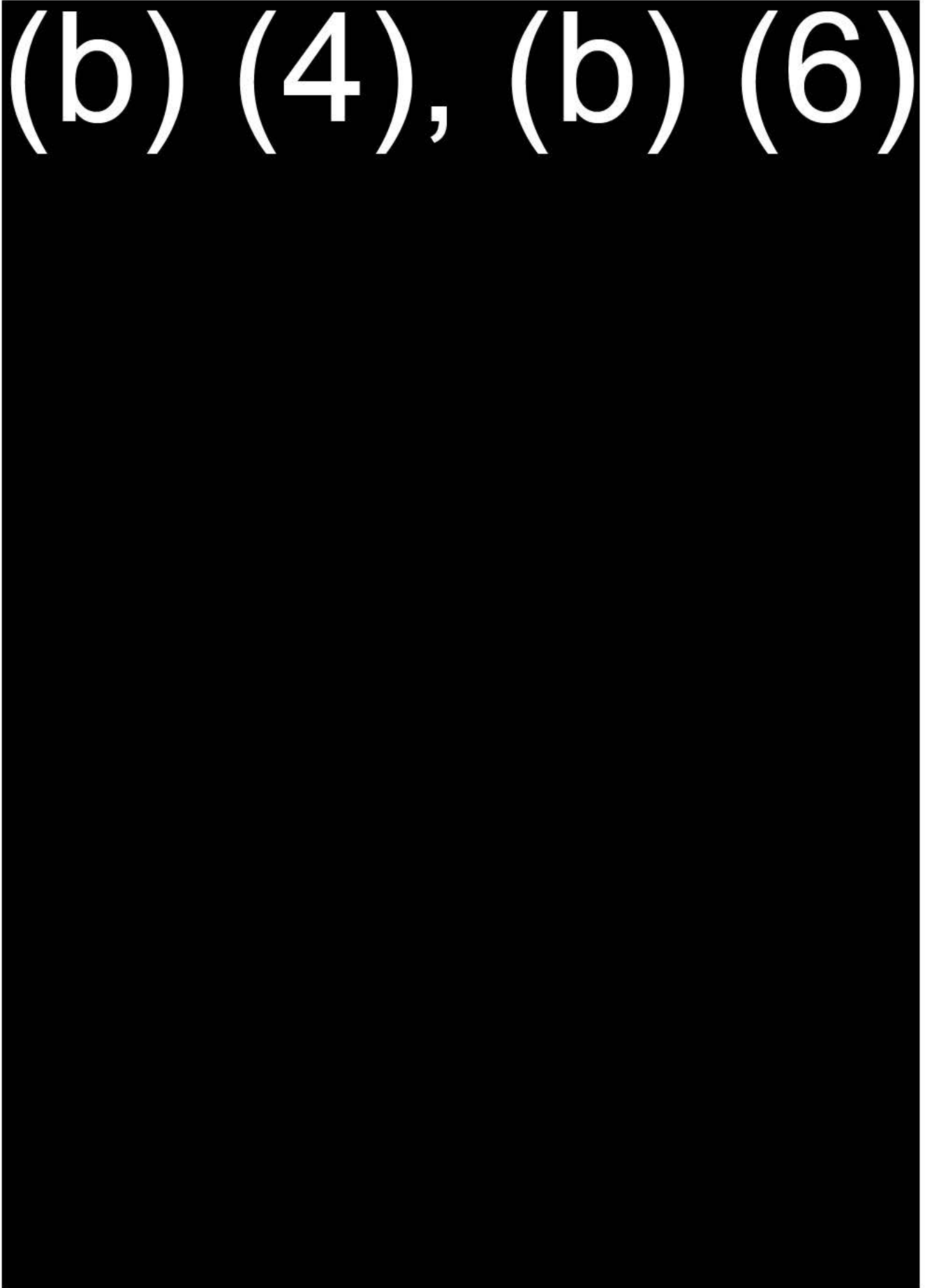
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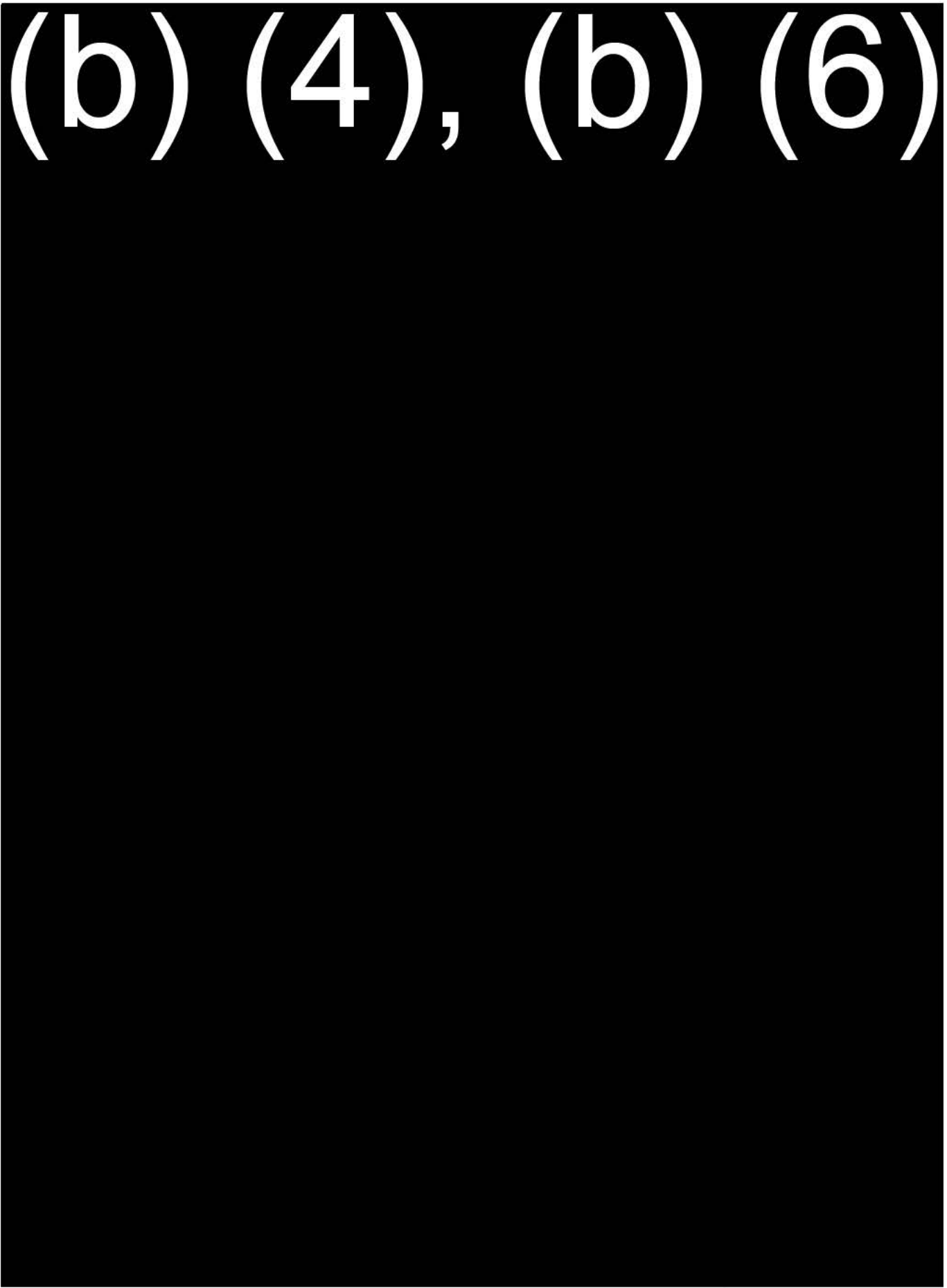
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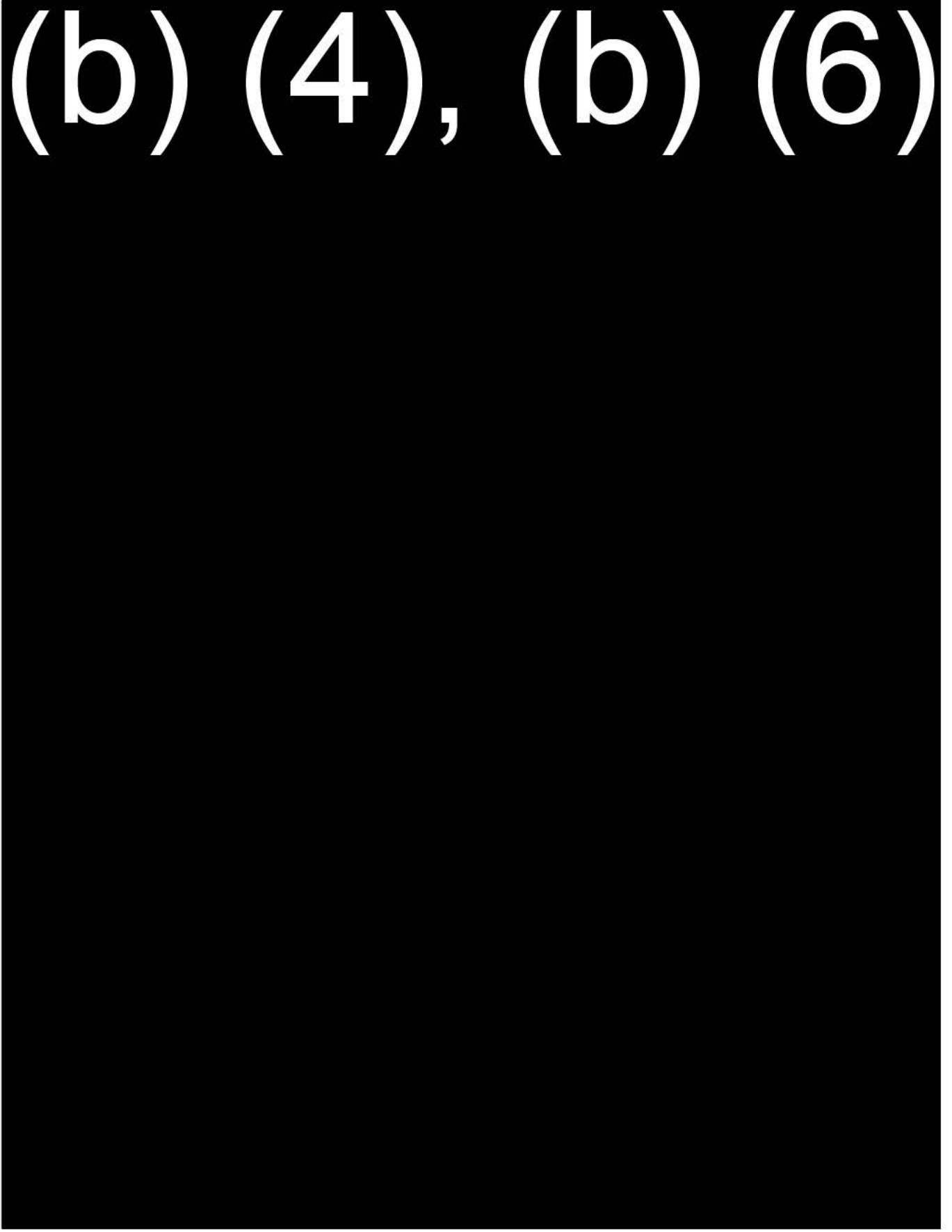
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