

New York Attorney General Investigates Relationships with Alumni Associations

By Brooke Heath



This week, New York State Attorney General Andrew M. Cuomo continued his investigation into the student loan industry by publicizing that he has served subpoenas and requests for information to 90 college alumni associations. Cuomo is requesting that the associations provide information on their relationships with Nelnet, a nationwide student loan company.

The alumni associations are under scrutiny for possibly receiving payments from Nelnet in exchange for encouraging members of their associations to consolidate their student loans with Nelnet.

According to a recent press release from the attorney general's office, some of the 90 alumni associations subpoenaed include associations at the Juilliard School, Niagara University, Le Moyne College, Manhattan College, City College, Iona College, and SUNY (the Buffalo, Cortland, Fredonia, and Upstate Medical Center campuses), all of which are New York-based colleges. Other nationwide partners with Nelnet include San Jose State University, UC Riverside, James Madison University, Old Dominion University, and the University of Illinois.

Regarding this new investigation, on Thursday, Cuomo said, "Unfortunately, it appears that student loan scams don't end at graduation. Today we have taken the next step in bringing justice to students and former students who have been victimized by the college loan industry. Our latest action targets alumni associations across the country and their relationships with...Nelnet."

Cuomo is also looking into the types of payments that were given to the associations. According to Higher Education Washington, Inc.'s *NewsLine*, these payments "may include revenue sharing and other payments."

Cuomo also added, "Our investigation seeks to put an end to kickback schemes and the payoffs that benefit lenders and their partners—be they schools or alumni associations—at the expense of students trying to control their debt."