

STUDENT ALERT: A NEW EXPLOSION OF DIPLOMA MILLS AND SCAMS, FINANCED BY AMERICA'S LARGEST LENDERS

By Kim Craft, J.D.¹

I. INTRODUCTION

While many believe that diploma mills, fly-by-night trade schools, and education scams are a thing of the past thanks to consumer protection laws and vigorous advocacy, a new breed of scams, funded by America's largest lenders, has emerged, thanks to legislative loopholes and twisted judicial interpretations.

For over a decade now, Key Bank, along with Sallie Mae and others, have led the banking industry in making loans to students attending dozens of unlicensed, unaccredited and/or unscrupulous schools in numerous states: flight, computer training, trade, and nursing schools, among others. Many of these schools have gone out of business after taking in millions of dollars of loan funds and failing to provide promised-for education. The schools, along with the banks, left innocent students responsible for repayment of those loans despite facility closure and failure to receive agreed-upon education.

As reported by the Wisconsin Educational Approval Board, in the late 1990's states saw an explosion of training centers opening their doors. At the same time, "lenders such as Sallie Mae's SLM Financial unit and Key Bank USA partnered with...schools, many of them unapproved in their home states, to provide loans to students."²

Just as suddenly as these schools opened, many of them closed their doors—owners often bankrupt and students left with unfulfilled training contracts and large loans to pay off. State regulators did what they could—secured teach outs, collected on private school bonds, and where available, tapped into state student protection funds—but many states did not have the resources, either financially or in the way of staff, to protect all of the affected students.³

This study provides evidence that (1) for years, banks have engaged in a repeated course of conduct in which they make loans available for students attending unlicensed, unaccredited and unscrupulous schools; (2) that these banks fail to inspect, monitor, and review these schools; (4) that, in some cases, the banks allegedly engaged in illegal and/or unscrupulous business ventures and partnerships with such schools; (3) that the banks repeatedly disbursed loan amounts in full and in their entirety to these schools, in

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² The EAB Quarterly (Issue 23, Fall 2003), www.eab.state.wi.us.

³ See *supra* note 1.

some instances in violation of state laws, rather than making disbursements over semesters or other academic terms; (4) that despite having knowledge of the failure of numerous schools which they financed and, despite making public statements that they would ensure loan escrow accounts be put into place and end its practice of disbursing entire loan amounts, the banks continued to behave as before; (5) that numerous schools financed by the schools went out of business; (6) that banks were warned repeatedly that they were acting in violation of the FTC Holder Rule and other consumer-protection statutes, yet continued their same course of action; (7) that the banks have come under fire by a growing number of law suits for its actions; and (8) that the banks engaged in predatory, fraudulent, and/or illegal behavior, using various federal rules as shields to insulate themselves from liability.

While Key Bank and Sallie Mae, among others, have made loans to dozens of such schools, this study will demonstrate the banks' culpability by exploring five important case studies that have recently been in the news: AmeriTrain (computer training); The Airman Flight School and ATA (flight schools); and Academy of Nursing (nursing exam prep school).

Finally, this study will explore the various tactics used by Key Bank and other lenders, such as Sallie Mae, to thwart litigation brought by disgruntled students and to insulate themselves against state and consumer protection agency efforts at reform.

II. AN EXPLOSION OF DIPLOMA MILLS, MOST FINANCED BY THE NATION'S PREMIER LENDERS

According to the *Los Angeles Times* (March 28, 2004) and various other sources, a burgeoning number of diploma mills, most financed by Key Bank, have sprung up in recent years, many closing soon afterwards: Massachusetts' attorney general received 73 complaints regarding computer training schools in 2003, up from 8 the previous year; about 20 of Michigan's 100 computer schools closed in 2002, as did 10 of 59 such schools in Texas; and 4 of 7 schools in Wisconsin closed.⁴

As an example, AmeriTrain, a computer-training company with numerous schools in North Carolina, Georgia, Maryland, Pennsylvania, and Virginia, left hundreds of students in the lurch when it filed for bankruptcy in 2002. AmeriTrain was backed by Key Bank loans. In 22 states, only a quarter of the schools surveyed gave notice before closing. Among the reasons cited were a poor economy, low enrollment, bankruptcy, and state violations.⁵

⁴ THE NATION; Rebooting Impossible After Computer Schools Shut Down; State regulation of the often-unlicensed businesses is lax. Loans are easily obtained and must be repaid even if a facility closes. Associated Press Writer. *Los Angeles Times* (March 28, 2004); *see also* Defunct Computer Training Schools Leave Students Frustrated and Indebted: Hundreds of schools that started during the dot-com boom have shut down, leaving students in the lurch—and having to pay back loans for classes they may not have taken. Ken Maguire. *InformationWeek* (February 20, 2004); *see also* Tough lessons taught at schools that go bankrupt, *The Oakland Press* (Feb. 21, 2004); *see also* Students stung as computer schools close, *CNN.com* (Feb. 23, 2004); data obtained from 2003 Survey of Members of National Association of State Administrators & Supervisors of Private Schools, www.nasasps.com.

⁵ *Id.*

“These places are businesses not sanctioned by education groups,” said David L. Johns, president of the National Private Schools Association Group Resource Center, a Florida-based accreditation organization. “These [businesses] go in without properly being prepared, even though their intentions might be good.”⁶

“Most students go into these schools with the perception that the schools are going to watch out for their best interests,” said Mary Jayne Fay, head of trade school licensing at the Massachusetts Dept. of Education. Efforts by Fay and the Associated Press to contact directors of failed Massachusetts schools largely ended in failure.

Regarding state regulation of such operations, Fay stated, “It works to a point. Where it breaks down is when someone is flagrantly violating the law. We don’t have the legal resources.” (For example, in Massachusetts, Fay and one other person are responsible for overseeing over 100 career-school licenses.)⁷

Kenneth W. Chandler, a former education official in North Carolina, estimated that in 2003, as many as 300 career-training schools were operating unlicensed in that state (the U.S. Dept. of Education maintains statistics only on licensed schools). Consumer advocates argue that states need to be more aggressive in protecting student rights, since students tend to be unable to afford legal protection.⁸

Deanna Loonin, a staff attorney for the National Consumer Law Center, believes that it should not be so easy for such trade schools to obtain loans for students. The loans, mainly obtained through Sallie Mae Financial and Key Bank, are not federally backed, making it far more difficult for students to get them forgiven when a school closes. On these points, Sallie Mae Financial refused to return calls for comments on its policies; Key Bank spokeswoman Ann Gurin declined comment, citing litigation.⁹

III. THE AMERITRAIN CASE

According to the Washington Post, the Maryland Higher Education Commission fined Key Bank-financed AmeriTrain \$40,000, ordering it to stop enrolling any more students in the state and to refund unused tuition payments. In 2002, AmeriTrain, a computer-training school, abruptly closed its doors in states requiring licenses such as North Carolina and Pennsylvania, but kept its operations running in states not requiring licenses, such as Maryland, Virginia, and Georgia, until finally shut down.¹⁰ Upon finding the doors closed on them without warning or notice, students were told by a company receptionist, “Were not giving out any refunds.”¹¹

Edward J. Johnson, III, president of the Better Business Bureau of Metropolitan Washington and Eastern Pennsylvania received numerous complaints about the school.

“There may be a legitimate explanation for the firm’s behavior,” Johnson said. “However, it could also be they were inept or, worse, acting fraudulently. Whatever the case, their accountability and ethics are in question.”¹²

⁶ Id.

⁷ Id.

⁸ Id.

⁹ Id.

¹⁰ Degree of Debt; AmeriTrain’s Abrupt Closures Leave Students in the Lurch; Kenneth Bredemeier, The Washington Post (August 28, 2002).

¹¹ Id.

¹² Id.

Randy Behm, Executive Vice President of Key Education Resources, declined to say how many loans were funded by his division of Key Bank. He said, however, that the bank had no intention of writing off the students' AmeriTrain loans.¹³

"Those loans will still exist," Behm said. "The arrangement was with the student, and we're relying on their judgment on choice of schools."¹⁴

Behm said Key would waive payments for six months on the AmeriTrain loans for students who did not finish their course work and would lend students up to another \$5,000 without further credit checks if they wished to attend another school.¹⁵

AmeriTrain never had a license to operate in North Carolina. Under North Carolina's consumer protection statutes, all contracts and promissory notes arranged with unlicensed schools are considered "null and void." Specifically:

All contracts entered into by proprietary business, proprietary technical, proprietary trade, or correspondence schools, with students or prospective students, and all promissory note or other evidence of indebtedness in lieu of cash payments by such schools shall be null and void unless such schools are licensed as required by this Article. N.C. Sec. 115D-97.

As mentioned, the State of Utah and others, including Virginia, have a similar law. Despite this, Key Bank and Sallie Mae (SLM) continued to make loans to such unlicensed schools, deliberately ignoring the so-called unenforceability statute as well as the FTC Holder Rule.¹⁶

An open letter to AmeriTrain students, dated September 4, 2002, from Director of Academic Affairs, Judy Hendrickson, added insult to injury. Hendrickson advised students not to make any additional tuition payments to defunct AmeriTrain and, for those who had "private loans through SLM Financial Corporation (Sallie Mae) or Key Bank, to contact the lender to defer payments of the loans obtained for training you were unable to complete because of the closure of AmeriTrain."¹⁷

¹³ Id.

¹⁴ Id.

¹⁵ Id.

¹⁶ www.badbusinessbureau.com/reports/ripoff41658.htm.

¹⁷ Maryland Higher Education Commission, Career and Workforce Education, www.mhec.state.md.us/career/pcs/PCSClosure/Ameritrain/Sep4Letter.asp.

IV. THE ATA AND AIRMAN CASES

a. Airline Training Academy (ATA)

Key Bank executive Randy Behm was again cited in the news in 2003 after the abrupt closure of the defunct Airline Training Academy (ATA) in Florida, another Key-financed operation.¹⁸

Key Corp. in Cleveland was the single lender for ATA. ATA recommended the bank to its students, and Key made nearly \$7 million in loans to over 200 students, some as high as \$80,000 apiece. Student Ray Rhoden was lured to ATA by its promise of a locked-in price for training, no matter how long completion took, and by the school's claim of a 98% job-placement rate.

After the school closed its doors, also locking out students without notice or warning, Rhoden and others pooled their resources to hire an attorney and force the family that owned ATA into Chapter 7 bankruptcy. During court proceedings, students learned from ATA's chief financial officer, Melissa Williams, that ATA's owners lavished themselves with huge salaries, luxury cars, and large houses while conducting their questionable business practices—all on student loan money provided by Key Bank. ATA was owned by the Williams family, members of which also owned the now defunct Discover Air, Inc., a Sanford-based charter company closed amidst FAA investigations. At least \$3 million in student money from ATA was being used to prop up the nearly penniless Discover.

Despite a slump in the aviation industry after 9/11, Melissa Williams' salary rose from \$30,000 in 1997 to \$255,000 in 2002. Testimony revealed that Williams-family members purchased a \$321,000 home in Orlando, a 1/3-acre lot in Oviedo for \$401,500 and, one week before the school closed, \$8,000 in furniture.¹⁹

Also according to testimony, in the month before the school closed, ATA took in \$193,000 in tuition and continued to accept students up to one week before shutting its doors. On March 3rd, four days after ATA's closure, the Williamses wrote out an \$80,000 check to cover Discover's last insurance payment. When asked in court about the whereabouts of owners James and Ruth Williams, Melissa Williams said only that the couple was "traveling." ATA's attorney, Robert White, refused to answer phone calls from *Orlando Weekly* reporters.²⁰

Phil D'Aniello, the students' attorney, said that in order for students to get their money back, they would have to prove fraud and go after personal assets, or show that ATA improperly funneled company money into personal accounts for protection.

"The money is likely gone," he said.²¹

ATA, however, appears to be the least of the students' problems: they still have outstanding loans with Key Bank. Shortly after ATA closed, Key sent out notices telling

¹⁸ Lender Seeks to Work With Flight Students, Barry Flynn, *Orlando Sentinel Tribune* (March 5, 2003); *see also* Flying High, Jeffrey C. Billman, *Orlando Weekly* (May 15, 2003); *see also* Airline Training Academy Flight School Ripoff, Orlando, Florida, www.ripoffreport.com (December 29, 2003).

¹⁹ Flying High, Jeffrey C. Billman, *Orlando Weekly* (May 15, 2003); *see also* Airline Training Academy Flight School Ripoff, Orlando, Florida, www.ripoffreport.com (December 29, 2003).

²⁰ *See supra* note 17, Flying High.

²¹ *Id.*

students that, since they were no longer enrolled full-time, their deferment had expired and that monthly payments on loans would begin.²² ATA's policy and agreement with Key Bank ordered student-loan checks sent directly to the school in their entire amount. According to the *Orlando Weekly*, the upshot of ATA's student loan policy is that the company used income from the loans and pre-paid tuition to finance Discover.

Key Bank's position is that, ATA policy notwithstanding, the loans were made to the students, not to the school, and that the students are ultimately responsible for nearly \$7 million in unpaid loans.²³

According to Key Bank executive Randy Behm, the loans are legal obligations of the students and anyone who may have co-signed the notes for them—not the school.²⁴

Although Key promised to work with students and provided a toll-free number, Behm's position was clear: "Our relationship is with the student, and often the parent, typically a co-signer," he said.

As with other schools, ATA systematically funneled students to Key Bank, and Key Bank sent loan proceeds directly to the school—not to the students. As with other questionable schools, Key also turned a blind eye—or failed to monitor in any way—the goings on of ATA executives. Despite this, however, Behm insisted, "There is no contractual or financial relationship with the school."²⁵

It is interesting to note that, even after the ATA implosion in 2003, Key Bank continued to make loans to other flight schools for over a year without revising its policies or procedures. Even more puzzling is that, despite events at ATA, Key continued to make loans to students attending the "granddaddy" of all flight schools, The Airman Flight School.

B. The Airman Flight School

After 9/11, The Airman Flight School achieved infamy in the aviation industry as the flight school where accused terrorist Zacarias Moussaoui trained for three months. Despite the bad press and its poor finances, Key Bank continued to make loans to Airman. The flight school was well behind in its rent and facing eviction proceedings when it closed its subleased building at the University of Oklahoma's Max Westheimer Airport on September 1, 2005. The sudden, unannounced closure left approximately 85 students, many of them foreigners, stranded—financially and literally.²⁶

Student Tracy Opoku from Accra, Ghana, arrived in Norman, Oklahoma on August 15, 2005, to take a 3-month course at Airman. She enrolled on Monday, August 29, signing a contract and paying \$14,700 upfront for the training. Three days later, the school shut its doors.²⁷

"I am stranded here," she said. "I have to get a lawyer now." Staying with a friend in Arlington, Texas, she was trying to find a way back home.²⁸

²² Id.

²³ Id.

²⁴ Lender Seeks to Work With Flight Students, Barry Flynn, *Orlando Sentinel Tribune* (March 5, 2003).

²⁵ Id.

²⁶ Norman aviation school folds wings at OU airport, Robert Medley, *The Oklahoman*, www.newsok.com/article/1609658 (September 8, 2005); see also <http://forums.flightinfo.com>.

²⁷ See *supra* note 25.

²⁸ Id.

Other foreign students from Africa, the Phillipines, Japan, England, Panama, and various locations within the U.S. were in similar straits.

Roland Herwig, spokesman for the Federal Aviation Administration in Oklahoma City, said that the agency had been notified of the closing. He noted, however, that the FAA is responsible for regulating flying safety at flight schools but does not involve itself with the business aspects of the schools.²⁹ (Nor, apparently, does Key Bank.)

It appears from Internet student and pilot discussion boards that, in the Airman case, Key Bank had very recently changed its lending policies so as to give loan proceedings directly to students rather than to the flight school. This was done, ostensibly, to avoid any financial or business connection between Key Bank and the school. As usual, however, students were asked to turn the entire amount over to Airman, in advance of training, to pay for tuition.³⁰

In addition, since students now actually received proceeds in hand, this new strategy appeared to put the fault more squarely on their shoulders for failure to research the school and its financial position better. In some cases, the strategy seems to have worked.

As one commentator wrote on the aviation site, Flightinfo.com: "If "you" were given that money then you should be held completely accountable for that amount that was handed to you regardless of the situation(s). You got it, regardless of what you decided to do with it once you received it. I feel for the folks that are out the money but lesson learned would be not to give the entire lump sum upfront and pay per course, per rating, etc, so if this would happen at your flight school you would have obtained the training that was paid for and the remaining money left "in your pocket" could be taken elsewhere that would allow you to finish your training...."³¹

Another commentator was more sympathetic, however: "Unfortunately, it is an all too common story with flight schools. I've seen it time and time again, both nationally and locally, a flight school pushing hard to get large deposits of money, when in reality they were teetering on the brink of financial disaster. It's a shame that it's difficult to get word out to folks about this; unfortunately the folks involved are usually fairly young and haven't seen this pattern repeat itself many times."³²

Interesting to note are remarks made by Tim Fielder, attorney for TAB Express, another Key-financed flight school which shut its doors in June of 2005. According to Fiedler, "Earlier this year, Key Bank suddenly decided to discontinue lending money for pilot training programs. A federal lawsuit was filed [by TAB] in April, based on (the fact that) in the middle of the night they shut us down. Because of that, TAB has had financial problems."³³

Fielder also said that "after TAB filed the federal lawsuit in Orlando, Key Bank notified other flight schools that it also was discontinuing lending for their students. Key Bank is the only bank that had a funding program for flight schools. So (the funding issue) will be rippling throughout the whole industry."³⁴

²⁹ Id.

³⁰ See commentary, forums.flightinfo.com (Sept. 9, 2005).

³¹ Id.

³² Id., posted Sept. 9, 2005.

³³ DeLand Flight School Abruptly Shuts Down, Joe Crews, www.newsjournalonline.com (June 16, 2005); see also www.bestaviation.net/news1.asp

³⁴ Id.

However, Key Bank continued to make pilot training loans to students at Airman at least through August of 2005, and at least to some students directly. It begs the following question: if Key Bank had been making loans directly to students rather than to TAB itself through TAB's complex arrangements with Key that resulted in a federal breach of contract suit, would Key Bank have ever had the power to "shut down" TAB "in the middle of the night."

IV. THE ACADEMY OF NURSING (AON) CASE

Key Bank was also the lender of choice for the now-defunct Academy of Nursing in Utah, an operation under criminal investigation. Originally named Professional Nurse Development, the academy was never a true nursing school but rather an unaccredited, private tutoring company that claimed to coach students for acceptance into and graduation from Excelsior College, a distance-learning school in New York.³⁵ Excelsior offers credit by examination.³⁶

Key Bank says it made 292 student loans totaling more than \$5 million to Academy of Nursing (AON) from February through September of 2003, or approximately \$300,000 per month; BankOne provided the remainder of student loan financing, a much smaller amount.³⁷

"The banks made this happen," said Jeff Bell, who co-signed on a loan for his wife, Julia. "They funneled huge sums of cash to a school that collapsed."³⁸

Student Mark Hansen stated, "It's like a truck driving school. You take a crash course and pass a test. I literally trained myself as a nurse without ever stepping into a classroom."³⁹

At one point, AON was Utah's largest pipeline of nursing students, taking in 30 students and \$500,000 a month from Key Bank loans. The school owes current and former students hundreds of thousands of dollars in pre-paid tuition, money that was illegally collected and, from the state regulators' point of view, remains unaccounted for. At least 93 students took out loans, some in excess of \$26,000 for the 24-month program, through a school-sponsored program with Key Bank. In each case, the bank sent the entire amount directly to the academy, often before students had completed a single class.⁴⁰

Students later learned that the classes they were taking would no longer qualify them for admission into Excelsior. Before AON's closure, the Utah Division of Consumer Protection cited the school for taking more than a few months' tuition at a time, in violation of state law. It was later alleged that AON had no official connection

³⁵ Academy of nursing students seek loan relief from BankOne. Linda Fantin. The Salt Lake Tribune (Feb. 12); *see also* Student Forum, www.saltlakebusinesses.com/academy-forum.htm.

³⁶ Academy Troubles Upset Many Students. Linda Fantin. Salt Lake Tribune (January 9, 2005).

³⁷ *See supra* note 17; *see also* Student Forum, www.saltlakebusinesses.com/academy-forum.htm.

³⁸ Academy Troubles Upset Many Students. Linda Fantin. Salt Lake Tribune (January 9, 2005); *see also* www.sltrib.com/utah/ci_2638964_and_2638965 (April 4, 2005); *see also* Health News E-Clips (April 4, 2005), www.uha-utah.org.

³⁹ *Id.*

⁴⁰ *Id.*

with Excelsior. Excelsior, in fact, has accused the Utah school of stealing its course materials and brought suit against it for copyright infringement.

Students were shocked to learn this. Loan documents prepared by the academy said that students were enrolled in Excelsior, and the online prep program was called “Excel Advantage.”⁴¹

“They basically presented themselves as an extension of Excelsior,” said Amista Hjorth of West Valley City. “Like this was their Utah campus.”⁴²

By March of 2004, hundreds of students were withdrawing and demanding refunds. Only then did some learn that Key Bank had forwarded the entire amount of their loan proceeds to AON. When questioned, Key Bank refused to discuss the academy or its loan policies.⁴³

Kevin Gibbons, whose daughter is owed about \$16,000 from a student loan, is furious that the state did not close the school or warn students when it first received complaints.

“Instead of protecting consumers, they protected the perpetrators. They should have cut them off.”⁴⁴

Mark and Aaron Hansen, the brothers who founded the academy, lured students with the key phrase: “traditional nursing schools are inconvenient.” Mark Hansen drove a yellow corvette with the license plate, “CEO RN.”

For student Ryan Hancock, the fiasco cost him his marriage.

“All I wanted to do was go to school and get a degree. I guess I should have known something was wrong when I saw the corvette.”⁴⁵

AON students have posted a website forum, with 83 members, as of February 28, 2005. The students are working in collaboration with Attorney General Ken Farnsworth to seek a redress of their grievances.⁴⁶

Reporter Linda Fantin of *The Salt Lake Tribune* discovered that within weeks of receiving loan applications from students, Key Bank sent the entire amount requested—the average loan was \$17,100—to the academy, leaving many students deep in debt for an education they never received. Many students say they were never notified of the disbursements and found out only after they requested refunds from the academy. In February of 2005, Key Bank officials said they had “stopped the practice of lump-sum loan payments sometime last year” and promised to erase at least part of the debt for students who did not or could not complete the academy’s program.⁴⁷

Beth Rosenberg, president of Key Education Services, insisted that was the bank’s intent all along.

“We’ve always had a policy not to require students to pay [loans] if a school closed or they did not get the education they expected,” Rosenberg said in a phone interview from Key’s Cleveland headquarters to the *Deseret Morning News*. “For students who received some value for their education, that could mean forgiving a portion

⁴¹ Id.

⁴² Id.

⁴³ Id.

⁴⁴ Id.

⁴⁵ Id.

⁴⁶ Student Forum, www.saltlakebusinesses.com/academy-forum.htm.

⁴⁷ Id.

of the loans. But for students who never attended a single class, we will absolutely forgive those loans.”⁴⁸

Rosenberg’s announcement came one day after a *Tribune* story in which academy students and consumer advocates criticized Key’s loan policies and accused the bank of flouting federal laws. In a February 4th email to *The Tribune*, Key said only that it would take “reasonable steps” to work with borrowers on a “mutually agreeable option for loan repayment.” There was no mention of loan forgiveness, however.⁴⁹

Approximately 70 academy students launched a letter writing campaign to the federal agency that regulates banks. Why, they asked, hasn’t Key Bank mentioned its loan forgiveness policy before now?

“It’s a complete 360,” said Laurel Kielar, who borrowed \$27,000 to attend the academy and dropped out after three classes. “Over the past year and a half I’ll bet I’ve received a dozen phone calls and at least four letters from KeyBank wanting to know where their money was. When I explained the whole situation they said the most they could do is give me a deferment.”⁵⁰

Kielar’s case helped trigger a criminal investigation into the academy and its practice of forcing students to pay all of its tuition upfront, in violation of Utah state law. In May, the Utah Division of Consumer Protection subpoenaed records from Key and, three months later, fined the school and ordered it to refund money owed to students. When the academy defaulted, the state ordered it to close.⁵¹

Unbelievably, Key still continued to loan money to 200 students even after receiving the May 2004 subpoena. Asked why the bank would continue sending money to a school under state investigation, Rosenberg insisted that the bank knew of no problems with the academy until later in September. However, consumer protection director, Francine Giani, said the subpoena should have alerted the bank that there were problems. Giani declined to say if the bank ever mentioned its loan forgiveness policy, adding, “I don’t want to mess up what we have now.”⁵²

However, in a January 10th interview with *The Tribune*, Giani expressed frustration with Key, saying the bank was “not being very helpful.”⁵³

Shane Helm can second that. His wife, Ashley, signed an enrollment form and a Key loan application in March of 2003, but never attended any classes. That didn’t stop the bank from forwarding \$14,000 in her name to the academy.

“I think of all the times my wife would call and just cry on the phone. And now they say didn’t know there was a problem until September? That really hacks me off,” said Shane Helm, who kept a log of contacts with Key.⁵⁴

As for Key’s promise to hold students like Ashley harmless, Helm said the couple will believe it when the loan is erased from their credit report.

“It doesn’t change anything,” he said. “We’re not going to stop fighting until our loans are dissolved. We’re going to move on as if they didn’t say anything.”⁵⁵

⁴⁸ Id.

⁴⁹ Id.

⁵⁰ Id.

⁵¹ Id.

⁵² Id; *see also* Nurse-academy owners called back on carpet, Kersten Swinyard, Desere News (Salt Lake City), (March 19, 2005)

⁵³ Id.

⁵⁴ Id.

In numerous articles by Linda Fantin, Rick Egan and Al Hartmann of *The Salt Lake Tribune*, Key’s misdoings have been laid bare for the public.

According to Linda Fantin, “Consumer advocates say banks and finance companies have found a way to skirt federal laws designed to protect borrowers from schools that cheat them. And, they say, [Key Bank] is the biggest offender. Key Bank not only funds unscrupulous schools, it seeks them out, strikes up lucrative partnerships, and, in the process, suckers students into thinking the schools are legitimate, critics contend. Even worse, the bank sends all the money to the schools upfront instead of paying by semester. So when a school fails, many students are left with huge debts and not much to show for it.

“Key, one of Utah’s largest banks, doesn’t even have to worry about collecting the defaulted loans. The bank pools its private student loans and sells them to Wall Street investors, critics charge, meaning Key doesn’t lose a dime when a school closes or gets shut down by regulators.”⁵⁶

“Bank officials are working side by side with all these sham schools,” says Tom Domonoske, a Virginia consumer rights attorney and member of the National Association of Consumer Advocates. “They are stealing people’s futures.”⁵⁷

According to critics, Key is fueling a revival of trade-school rip-offs from decades gone by. In Utah, nine career schools have failed in the past two years. Says Domonoske, “Trade school scams could not and would not happen without the essential fuel of easy money.”⁵⁸

a. Trade School Scams and the FTC Holder Rule

According to consumer advocates, such practices have been going on for years. Linda Fantin writes that, in the 1980s and 1990s, correspondence and vocational schools lured low-income students into getting federally-backed loans by promising to defer repayment until they got jobs. Once the sham schools collected as much tuition as possible, they closed, leaving students burdened with debt and bad credit and the government or third parties trying to collect.

In response, the federal student loan program was modified to forgive students those debts when schools closed. Such scams also led to the creation of the Federal Trade Commission Preservation of Claims and Defenses Rule to regulate private, non-federal loans. This so-called FTC Holder Rule (16 C.F.R. 433) says that if there is a business arrangement between the seller and the lender—such as between a school and Key Bank—the loan can’t be collected if a business closes, is not licensed, or engages in fraud. In addition, the rule requires every loan agreement to contain specific language to that effect.

The idea is simple: if lenders, not just students, are financially responsible when schools go bust, the banks will choose better business partners.⁵⁹ The rule states that any

⁵⁵ Id.

⁵⁶ Id.

⁵⁷ Id.

⁵⁸ Id.

⁵⁹ Id.

defenses against payment that would apply to a seller also run to the holder of consumer credit contracts arranged with the seller; e.g., just as a student would no longer continue making tuition payments to a school after it closes, the student is also not obligated to pay the lender.

The FTC Holder Rule was put into place as a market mechanism to protect consumers from scam operations. Enacted in the late 1970's, Congress intended to ensure that lenders would exercise due diligence in researching the legitimacy of companies for which they decide to offer loans. The intent of the rule is that a bank or lender cannot hold a consumer responsible for payments on loans arranged with companies which have failed to provide the requested service.⁶⁰

Unfortunately, according to critics, "Sallie Mae and Key Bank continue to refuse to abide by FTC Holder, despite the repeated warnings from Congress and the Federal Trade Commission since the late 1980s, and the numerous lawsuits which have been filed against them. They also continue to lie to their borrowers, telling them they're still legally obligated to pay."⁶¹

As one Key Bank critic stated: "As a policy reason, without this important consumer protection, any bank could blithely agree to arrange loans with every two-bit, criminal operation masquerading as a legitimate business that appeared, the bank being safe in the knowledge that, no matter how badly its borrowers [were hurt], it could still collect on the loans. Worse, the bank itself could lure unsuspecting borrowers into a trap by setting up illegitimate businesses to generate loan volume, shutting the businesses down, and then holding the borrowers to make payments."⁶²

b. Key Bank Continuously Ignores the Holder Rule

Don Sheldon of the National Consumer Law Center says that Key Bank does not follow the Holder Rule or insert the required clause into its contracts. Key argues that, as a bank, it is not regulated by the FTC but rather by the Treasury Department, or more specifically, by the Office of the Comptroller of the Currency (OCC). Sheldon said that Key doesn't tell investors that its loan contracts violate federal law. Worse, until the OCC cites Key for deception, the courts may continue to side with the bank. And, he worries, it won't be long before other lenders follow Key's lead.

"Key Bank knows the trade-school market is lucrative and it actively solicits the business of schools that are marginal," Sheldon said. "Their defense is, 'Yes, this is illegal, but there is nothing you can do about it.'"⁶³

OCC Spokesman, Kevin Mukri, said the agency investigates all complaints, including allegations of unfair and deceptive practices as well as actions that put a bank's reputation at risk.

"We have a narrow jurisdiction," Mukri said. "And just because it's legal doesn't mean it's an acceptable banking practice."⁶⁴

⁶⁰ ASFB.org: Topic review—former Aspreon student, current victim, www.asfb.org/phpBB2 (Jan. 5, 2004)

⁶¹ Id.

⁶² See *supra* note 42, ASFB.org.

⁶³ Student Forum, www.saltlakebusinesses.com/academy-forum.htm.

⁶⁴ Id.

Students in at least 5 states have already challenged such loan practices in court, including a class action in Tampa, Florida regarding another defunct computer training company, Solid Computer Decisions (SCD), Inc. In each case, attorneys argued that banks cannot encourage schools to break the law and then claim immunity, especially when the bank seduces schools with the promise of money upfront.

“It’s a form of economic destruction,” Domonoske said. “It’s organized crime.”⁶⁵

Domonoske, a Virginia attorney, sued unsuccessfully on behalf of AmeriTrain students. Like AON, TAB, and other students, AmeriTrain students borrowed money from Key Bank, which sent entire sums to the school before students began their training. In a strategic coup, Key Bank moved the case to Ohio where its headquarters are located, and students, in debt and deflated, could not afford the long-distance fight. Eventually, the case collapsed.

In its email to *The Salt Lake Tribune*, Key Bank called the FTC Holder Rule a “complicated legal analysis,” and declined to discuss it or address the bank’s critics who claim Key is violating it.⁶⁶

There is some speculation that Key has since attempted to make loans directly to students in an attempt to circumvent the Holder Rule. Speaking of another training school, EliteTraining, a disgruntled student speculated: “The most interesting point in regard to their [Elite’s] relationship to Key Bank, if you examine the web site, is that loans are available DIRECTLY from Key Bank without the need for an Elite recruiter. In other words, were the school to fail, Key Bank could not be held accountable under the FTC Holder Rule because the school did not “originate” the loan (as in the experience [of AmeriTrain students]). Whether Key Bank has done this out of newly gained wisdom or if they simply found a new loophole is subject to speculation. Regardless, it is an interesting move on their part.”⁶⁷

The State of Wisconsin’s Educational Approval Board (EAB) commented: “The Federal Trade Commission’s “holder rule” could...play a key role in whether students have to pay off loans used for classes that were cut short. The holder rule says that just as consumers cannot be forced to pay for goods and services they never received, nor can they be forced to pay off a loan for those undelivered goods or services.”⁶⁸

Wisconsin’s EAB noted at least Sallie Mae’s attempt to circumvent the rule: “SLM Financial’s career loan contracts include the [required Holder] rule; however, they also contain a line that reads: ‘If I fail to complete or am dissatisfied with the education program paid for with this loan, the Co-Borrower and I are not relieved of any obligation within or pursuant to this note.’ Which language prevails could determine whether hundreds of students will have to pay off loans over the next 15 years.”⁶⁹

Student Ashley Helm received a warning letter from Key that the bank intends to collect a fee on payments more than 15 days late. One problem: Ashley Helm said she never took out a loan from Key Bank. She never signed up for any classes at AON. She enrolled, filled out a loan application, and never followed through after she learned the

⁶⁵ Id; *see also* asfb.org, Forum Index: General Conversation; *see also* EAB Quarterly (Fall 2003), eab.state.wi.us.

⁶⁶ Id.

⁶⁷ ASFB.org: Forum Index: General Conversation (May 31, 2003).www.asfb.org/phpBB2

⁶⁸ The EAB Quarterly (Fall 2003) at 6, eab.state.wi.us.

⁶⁹ See *supra* note 50, The EAB Quarterly.

nursing academy wasn't accredited. When a loan repayment booklet appeared, it was Helm's first clue that Key had advanced the academy \$14,000 in her name.⁷⁰

Melissa Thomas did manage to get a refund from the academy. The \$10,524 check was posted to her Key loan account in August, reducing her balance to \$2,476. However, in January, after reading newspaper stories, she decided to call Key Bank just to verify. Sure enough, her loan balance was back up to \$14,170. Key Bank officials couldn't explain it, she said.⁷¹

Student Sara Mahendran withdrew from AON April 1, 2004. Almost a month later, Key sent the school another \$8,606 in her name, Mahendran claims in a lawsuit.⁷²

In their complaint to the OCC, Jeff and Julia Bell said that the bank knew the school was asking for all of the tuition upfront and actually doctored loan documents to conceal it. Having worked six years in the legal department of a bank, Jeff Bell is incensed that the lender would come after his wife, Julia, and the other academy students for money that it funneled to the trade school. At least two other banks, BankOne, and TFC, made additional loans to AON students.

"The banks could have stopped all of this," Bell said. "Instead, day after day, they kept turning money over to this fly-by-night, rinky-dink school. There is no way this much money goes out the door without people getting suspicious."⁷³

V. STATE EDUCATION BOARDS SOUND OFF

In its *EAB Quarterly*, The Wisconsin Educational Approval Board put out a consumer alert warning that Career Tech Corp. in West Allis, WI was closed by court order, with EAB revoking school approval. In typical fashion, Career Tech, a computer training school, had over 100 students at the time of its closure and had secured large sums of tuition money from Key Bank, much of which was unearned at the time of closure.⁷⁴

The majority of students had secured loans from Key Bank; other lenders included SLM Financial Corporation, a Sallie Mae company; Wells Fargo, and Norwest Bank. According to the EAB, Sallie Mae assisted students in requesting partial loan discharges for school closure.⁷⁵ However, the EAB went on to say: "Students with loans through other sources such as Key Bank, Wells Fargo and Norwest are not as fortunate. These organizations do not have provisions for discharge of tuition loans if the school closes before the student's training is completed. Students remain responsible for the entire loan repayment."⁷⁶

In a 2003 survey of members of the National Association of State Administrators & Supervisors of Private Schools, dozens of failed schools were listed in 23 states.

⁷⁰ Student Forum, www.saltlakebusinesses.com/academy-forum.htm.

⁷¹ Id.

⁷² Id.

⁷³ Id.

⁷⁴ Consumer Alert! Second Computer School Closes Without Notice. *The EAB Quarterly* (Issue 15, Fall 2001).

⁷⁵ Id.

⁷⁶ Id.

Under “compliance issues,” the State of Maryland attacked Key Bank directly and its practice of funding unlicensed schools: “Much effort is required to regulate...schools. Many of the newly approved schools first operated without approval, and they keep reverting back [to] their non-compliant ways. Private lenders continue to exacerbate the situation and create substantial problems. Students are encouraged to enroll and pay for multiple programs to be taken sequentially. Student loans from SLM and Key Bank still are disbursed to the schools in single payments made in advance of training. When schools close, students are left having paid in full for multiple programs that they were unable to complete. The tuition liability of these computer schools frequently exceeds the amount of the financial guarantees and student protection funds established [by the states] to protect the students. Unapproved training providers also continue to have access to private lending.”⁷⁷

In Illinois, the Illinois State Board of Education had to “provide legal advice and assistance to the Private Business and Vocational stakeholders and the Office of the Attorney General regarding student loans by private lenders Sallie Mae and Key Bank.”⁷⁸

According to *The Boston Phoenix*, while statistics on the precise number of aggrieved borrowers are not available, those in the consumer-credit industry are beginning to sense mounting trouble. Attorneys at the National Consumer Law Center have fielded so many complaints over the past few years that the organization devoted an entire session of its 2003 annual conference to “The New Wave of Student Loan Abuses and Problems.” It’s the first time the organization has been compelled to hold such a session since the sham trade-school days of the early 1990s.⁷⁹

VI. KEY BANK AND SALLIE MAE LITIGATION STRATEGIES

Despite growing media attention and an increasing number of law suits against them, the giant lenders have been able to defend themselves quite well. Frustration continues to mount amongst consumer rights attorneys who have taken on the banks on behalf of students, including Tom Domonoske, Dale Pittman, and Dan Clark, as well as attorneys from the National Consumer Law Center.

It is hoped, however, that we can learn from such strategies and employ effective counter measures to them. Common strategies employed by the banks are discussed below.

A. Enforcing Arbitration Clauses to Keep Cases Out of Court

⁷⁷ 2003 Survey of Members of National Association of State Administrators & Supervisors of Private Schools, Computer Schools (www.nasasps.com).

⁷⁸ Illinois State Board of Education, Center Accomplishments (August-October 2002), www.isbe.state.il.us/updates/au_oct_2002.htm.

⁷⁹ Sallie Mae not: As federally sponsored student-loan giant Sallie Mae prepares to go private, it’s squeezing every last penny from student borrowers while opening up scads of new businesses. How can you protect yourself? Catherine Tumber, *The Boston Phoenix* (November 28-December 4, 2003); [hyyp://bostonphoenix.com/boston/news_features/top/features/documents/03351782.asp](http://bostonphoenix.com/boston/news_features/top/features/documents/03351782.asp).

A simple yet effective strategy used by the banks is to insist on enforcement of the arbitration clauses present in student loan documents. Although the legality of the loan documents themselves is typically at issue, whether through FTC Holder Rule arguments, arguments that the contracts are void *ab initio* since entered into with unlicensed schools as prohibited in certain states, that tampering or doctoring of loan documents occurred, and/or that the documents were made in collusion with the schools, a number of courts have still insisted on upholding the arbitration clauses contained within these questionable contracts.

The arbitration process appears to flaunt the very law itself. When attorney Tom Domonoske took on a case against Sallie Mae, he quickly found that his attempts to have the law interpreted were thwarted by the arbitration process.

“When we try to talk with (Sallie Mae’s) lawyer, their lawyer says, ‘Well, we’re in arbitration, and we don’t think the arbitrator will apply the law.’”⁸⁰

According to the National Consumer Law Center, advocates “believe these clauses are the single biggest threat to consumer rights in recent years, a de-facto rewrite of the Constitution that undermines (an array) of consumer protections painstakingly built into law.”⁸¹

B. Wearing Down Plaintiffs by Removing Jurisdiction to Ohio

Key Bank managed to successfully defeat an AmeriTrain lawsuit by securing jurisdiction in its home state of Ohio, thus exhausting the resources of out-of-state students trying to fight a long-distance case.

C. Claiming Exemption from the FTC Holder Rule

Although most consumer rights advocates and attorneys believe that the FTC Holder Rule was meant to apply to banks in just this type of situation, Key Bank and Sallie Mae, to date, have been able to avoid criminal prosecution and civil verdicts by arguing that the FTC has no jurisdiction over them. Insisting that their true overseer, the OCC, has never cited them for wrongdoing, they continue to flaunt the statute and consumers in the process.

In addition, the banks have been accused of rewording their loan documents so as to include wording that specifically excludes students from relying on Holder Rule rights and remedies.

D. The Banks Continue to Insist that Loans are Made Directly to Students and/or They Have No Connections to the Schools

⁸⁰ www.asfb.org; Consumer and Media Alert: The Small Print That’s Devastating Major Consumer Rights, National Consumer Law Center.

⁸¹ Consumer and Media Alert: The Small Print That’s Devastating Major Consumer Rights, National Consumer Law Center (July 28, 2003), www.consumerlaw.org/initiatives/model/arbitration.shtml.

Although in most situations, Key Bank and Sallie Mae sent loan proceeds directly to unlicensed and unaccredited schools, sometimes without students' knowledge or consent, the banks continue to insist that they have no financial or contractual connection with the schools and that loan proceeds are the direct liability of students and/or their co-signers.

Contractual connections between the schools and banks have been borne out, however, in numerous cases, and an investigative report by *U.S. News & World Report* found that Key Bank and Sallie Mae are spending millions in their efforts to court schools.

In addition to private, unlicensed schools, dozens of accredited, long-standing colleges and universities are abandoning the U.S. Department of Education's direct-loan program, "lured by the promise of a quick buck from banks..."⁸²

Sallie Mae says it has won over \$1 billion in loan business from former direct-loan schools. The development is costing the U.S. Treasury perhaps as much as \$250 million a year, according to *U.S. News* calculations based on information provided by the government.⁸³

In a 4-month investigation, *U.S. News* reporters canvassed over 100 colleges and universities to determine which had abandoned the U.S. Dept. of Education's direct loan program and secure financial aid funding from Sallie Mae, Key Bank, and others. Findings include:

Private lenders such as Key Bank and Sallie Mae use proceeds from federal loans to win student loan business and entertain financial aid officers, including free meals, outings and cruises. The lenders also offer the prospect of millions of dollars in profit to universities by setting them up as temporary banks, making guaranteed profits on federally-backed loans made to graduate students. In return, the lenders are granted exclusive rights to make loans to the university's undergraduate students. Several lenders discovered a loophole in federal law that forces the government to pay a premium on top of the interest they already earn from students. This subsidy cost taxpayers about \$432 million in 2002. Lenders have forged close ties with key members of Congress and spent millions of dollars on lobbying and campaign contributions.⁸⁴

Sallie Mae and Key Bank also lavish college officials each year at the annual conference of financial aid administrators. At the July 2003 conference, for example, Key Bank hired an ersatz Elvis, encouraging school officials to attend the bank's party at the Hard Rock Café. Sallie Mae transformed a hotel ballroom into a disco, while wine flowed freely. Including direct conference expenses, "lenders spent hundreds of thousands of dollars to outdo one another in

⁸² Big Money on Campus: In the multibillion-dollar world of student loans, big lenders are finding new ways to drain Uncle Sam's coffers, Megan Barnett, Julian E. Barnes & Danielle Knight, *U.S. News & World Report* (October 27, 2003), www.usnews.com/usnews/edu/articles/031027loans.htm.

⁸³ *Id.*

⁸⁴ *Id.*

the eyes of the college reps.”⁸⁵ To win business, some lenders offer sweeteners the government can’t match, including hardware and software products.

Some education experts believe these loans amount to improper inducements. Federal law prohibits lenders from offering direct or indirect inducements to educational institutions, including “points, premiums [and] payments.” Leo Kornfeld, a Clinton-administration education official stated, “It’s like someone coming to me and bribing me.”⁸⁶

In an attempt to rescue the tax-payer supported direct loan program and circumvent loan losses draining away to Key Bank, Sallie Mae and others, the federal government changed the program to provide similar benefits to students using the federal direct loan program as those received by students using the private lenders. Key Bank, Sallie Mae and others promptly filed suit against the government for its action.⁸⁷

E. Maintaining a Double Standard: Doctoring Loan Documents and Courting Legislators to Receive Federal Support Yet Offering Private, Unsecured Loans Without Federal Protections for Borrowers

Under federal law, students are entitled to refunds of their federally-guaranteed student loans in cases of school closure. As discussed previously, this legislation was put into effect primarily to protect low-income students receiving federal financial aid against the predatory practices of fly-by-night trade schools. The federal government would guarantee repayment of funds to lending institutions, at taxpayer expense (hence, the term “federally-guaranteed”).

However, because Key Bank loans are not federally-guaranteed and are frequently given to students attending unlicensed, non-accredited schools, no such protection exists for students who are also victims of school closures. Exceptions exist in the form of individual state consumer protection laws that provide for the nullification of contracts and promissory notes entered into by students attending unlicensed schools (e.g., Utah, Virginia, etc.).

On the other hand, Key Bank engages in a practice in which it tailors its loan documents to mimic those of federally-guaranteed loans to accredited institutions. For example, on the promissory note issued to TAB Express students and prepared by Key Bank, Key Bank indicates that TAB Express has a federal Title IV School Code number of 70006400; students’ enrollment status is indicated as full-time; and students are assigned a “grade level” of 1 for “first-year student” (with categories ranging from junior and senior to 4th-year graduate student).

If TAB is assigned a Title IV number, are these indeed Title IV funds? If so, Title IV imposes strict requirements on lenders and school financial aid officers. For example, when a school’s “financial aid office has determined that a refund is due after completing a “Return of Title IV Funds” calculation for a

⁸⁵ Id.

⁸⁶ Id.

⁸⁷ Protecting Students From the Loan Industry Law Suit, www.pirg.org/highered/lenderlawsuit.htm.

student who has withdrawn from the school, it's important to share the time frame required for the business office to meet the federal timeliness requirement.”³⁴ CFR 668.173(b) (Source: Cathy A. Marshall, Compliance Issues: Cooperative Communication on Campus, NewSource, vol. VII, Issue 2 (December 2004).

Also, such loans must be delivered in multiple disbursements. As part of the Omnibus Reconciliation Act of 1989, Congress enacted several changes to the Higher Education Act, HEA 428G. By requiring multiple disbursements, Congress minimized its financial exposure to default liability on loans by delaying delivery of loan funds to borrowers who might not continue their education, reducing Congress' commitment to paying the interest subsidy on those amounts to lenders, and helping borrowers budget their resources over the course of the educational period.

The multiple disbursements requirement applied to all loans, regardless of the length of the loan period. Subsequent to the 1989 statutes, Congress authorized multiple-disbursement exemption for some “experimental site” and “quality assurance” schools and, later (in 1997) extended the exemption, for single-term loans, to all “low default rate” schools. This exemption included a “sunset clause,” however, eliminating the exemption in September 2002.

Currently, all schools, except those still covered under their experimental site or quality assurance status, are required to schedule loan disbursements in compliance with the rules provided by the U.S. Department of Education. (Source: NewSource, vol. VII, Issue 2 (December 2004).)

However, TAB Express has never been listed as a Title IV institution with the Department of Education, and the Title IV “code” assigned to it by Key Bank does not comply with Department of Education code requirements. It is hard to understand how Key Bank can, on the one hand, engage in a fiction that schools such as TAB Express are Title IV institutions, even identifying them as such on loan documents, and yet flaunt Title IV rules and requirements, claiming on the other hand that the loans are private, unsecured, not federally-guaranteed and, thus, not subject to any Title IV requirements!

F. Threatening Opponents with Defamation Suits; Offering Settlements as Bribes for Silence.

When disgruntled student Mark Powell put up a website entitled, AmeriTrain Students Fight Back!! (www.asfb.org), including articles and commentaries about abuses by Key Bank and Sallie Mae, Sallie Mae brought suit against him for defamation. Powell filed a counterclaim, alleging that Sallie Mae was violating the Virginia Consumer Protection Act by suing him and that Sallie Mae's suit against him was in retaliation for the federal suit that Powell and other students had filed against the lender earlier. Settlement was reached after Powell filed discovery motions seeking depositions from high ranking company officials.⁸⁸

While both Key Bank and Sallie Mae have tended to focus on intimidation and aggressive litigation, Key Bank has also attempted to settle quietly with

⁸⁸ www.asfb.org; Sallie Mae, Virginia Drop Suits, Gordon Hickey, Richmond Times-Dispatch.

students so as to avoid further bad press. Quoting a *Salt Lake Tribune* article, the Utah Hospitals and Health Systems Association reported, “Key Bank will forgive loans to (AON) nursing students, if they keep quiet.”⁸⁹

RESOURCES

Office of the Comptroller of the Currency (OCC), U.S. Treasury
www.occ.treas.gov
 (Kevin Mukri)

National Consumer Law Center, Inc.
www.nclc.net
 Don Sheldon

National Association of Consumer Advocates
www.naca.net

Utah Attorney General, Financial Crimes Unit
 (Academy of Nursing case)
 5272 S. College Drive, Suite 200
 Murray, UT 84123
 801-281-1200
 801-281-1221
 Fax: 801-281-1224

Utah Division of Consumer Protection
 160 E. 300 South, Box 146704
 Salt Lake City, UT 84114
 801-530-6601

Better Business Bureau of Eastern Missouri and Southern Illinois
 Jim Judge, trade practice consultant
 314-645-3300

Missouri Attorney General’s Office
 800-392-8222

Maryland Higher Education Commission
 (AmeriTrain case)
 410-260-4535
 410-260-4587

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⁸⁹ www.uha-utah.org/eClips (April 4, 2005); *Salt Lake Tribune* (April 4, 2005), www.sltrib.com/utah/ci_2638964.

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David L. Johns, President
National Private Schools Association Group Resource Center
Florida
www.ripoffreport.com
(Student reports against Key Bank, et al.)

Academy of Nursing Students Web Page
www.saltlakebusinesses.com

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Ann Gurin, spokeswoman

Randy Behm, EVP, Key Education Resources
800-289-9834

SAMPLING OF SCHOOL CLOSINGS SINCE 2001 FUNDED BY KEY BANK AND/OR SALLIE MAE

January 2001	Computer Learning Centers, Inc. (3,800 students)	Alexandria, VA
June 2001	Computer Networking Technologies (CNT)	Mt. Laurel, NJ
September 2001	Career Tech Corp.	West Allis, WI
October 2001	Computer Systems & Training	Oak Ridge, TN
February 2002	Intelisource Technical School	Los Angeles, CA
April 2002	Microcert Solid Computer Decisions	Salt Lake City, UT Charlotte, NC et al.
June 2002	MCJ Solutions	Durham, NC (10 schools)
July-Sept. 2002	AmeriTrain, Inc.	Charlotte & Raleigh, NC Atlanta, GA Columbia, MD Tysons Corner, VA Philadelphia, PA
October 2002	ICTS Elite Training Tech Street Training Solutions, Inc.	Alexandria, VA Ashville & Charlotte, NC Overland Park, KS Greenville, SC St. Petersburg, FL
January 2003	Advanced Computer Technology Training	Raleigh & Charlotte, NC
February 2003	Unisoft School of Technology Airline Training Academy	Hyattsville, MD Orlando, FL
June 2003	Aspreon Technologies, Inc.	Birmingham & Huntsville, AL Atlanta, GA
Other 2003	Comp USA New Horizons Franchise AC Enterprises of Wisconsin Executrain/PC University/Impact Learning Career Blazers, Executrain Computer Education Services Corp. Gateway/MicroCert Productivity Point/Knowledge Alliance Computer Education Services Corp.	Arizona, UT CT, NY, Oregon, PA Illinois Kansas Ohio SC TX WA WI
September 2004	Academy of Nursing	Salt Lake City, UT
June 2005	TAB Express Intl.	DeLand, FL

September 2005 The Airman Flight School

Norman, OK