

MOHELA Responds to State Auditor's Request for Closed Records

St Louis, MO (April 12, 2007) - In early January, the Missouri State Auditor began a financial audit of the Higher Education Loan Authority of the State of Missouri (MOHELA). Over the last several months, MOHELA has been making and will continue to make every effort to comply promptly with all requests made by the Auditor. Within the last month the Auditor made a request for certain records relating to the closed portions of board meetings of MOHELA. These records generally relate to pending or imminent claims or litigation, personnel matters, related topics and attorney–client communications and work–product documents. In an effort to cooperate with this request, staff at MOHELA explained the privileged and legally protected nature of these materials to representatives of the Auditor.

Recently, however, the Auditor served a subpoena on MOHELA seeking the closed records. The Members of MOHELA along with its executive director and attorneys have considered the matter in great detail. MOHELA believes the protections afforded by law apply to it and that they exist to allow entities to have frank discussions about legal and personnel matters facing them. The Auditor has also been advised that the closed records do not involve financial matters and were not needed for financial audits by Deloitte & Touche for the relevant periods.

In light of the sensitive nature of these closed records, MOHELA believes disclosure could have a deleterious effect on the affairs of MOHELA. Therefore, based on the advice of counsel, to protect MOHELA and its rights, MOHELA has respectfully declined to provide the closed records. To confirm the propriety of its position, MOHELA plans to file a court action in St. Louis County today seeking to obtain from the court a declaration of its legal rights.

MOHELA is one of the largest student loan companies participating in the nonprofit secondary market sector in America and is a leading holder and servicer of student loans with more than \$5.5 billion in assets and loan purchase activity in excess of \$1.5 billion per year. MOHELA advances its benevolent mission of eliminating barriers for students so they can access higher education through local, regional and national partnerships with a variety of educational and national partnerships with a variety of educational and financial institutions.