

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL
No. 814

Session of
1981

INTRODUCED BY HESS, WILT, REIBMAN AND HOPPER, MAY 26, 1981

AS REPORTED FROM COMMITTEE ON JUDICIARY, HOUSE OF
REPRESENTATIVES, AS AMENDED, OCTOBER 6, 1981

AN ACT

1 Amending the act of August 7, 1963 (P.L.549, No.290), entitled,
2 as amended, "An act creating the Pennsylvania Higher
3 Education Assistance Agency; defining its powers and duties;
4 conferring powers and imposing duties on the Governor,
5 President Pro Tempore of the Senate, Speaker of the House of
6 Representatives, Superintendent of Public Instruction and the
7 Department of Auditor General; and making appropriations,"
8 FURTHER PROVIDING FOR LOAN SERVICING AND adding limited <—
9 subpoena powers in the investigation of fraud or breach of
10 fiduciary obligation.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. ~~Clause~~ CLAUSES (1.1) AND (10) of section 4, act <—
14 of August 7, 1963 (P.L.549, No.290), referred to as the
15 Pennsylvania Higher Education Assistance Agency Act, CLAUSE <—
16 (1.1) ADDED DECEMBER 30, 1974 (P.L.1111, NO.357) AND CLAUSE (10)
17 added December 21, 1977 (P.L.338, No.99), ~~is~~ ARE amended to <—
18 read:

19 Section 4. Powers and Duties.--In furtherance of the
20 purposes set forth in this act, the board of directors shall

1 have the following powers:

2 * * *

3 (1.1) AS A PUBLIC CORPORATION AND BODY POLITIC SUBJECT TO <—
4 EXAMINATION BY THE AUDITOR GENERAL OF THE COMMONWEALTH, THE
5 AGENCY SHALL BE DEEMED AN "ELIGIBLE LENDER" AS DEFINED IN PART B
6 OF TITLE IV OF THE FEDERAL HIGHER EDUCATION ACT OF 1965 AND
7 PURSUANT TO THE PROVISIONS OF THE ACT BE ENTITLED TO ALL THE
8 AUTHORITY, RIGHTS AND PRIVILEGES OF AN "ELIGIBLE LENDER." SUCH
9 AUTHORITY, RIGHTS AND PRIVILEGES SHALL INCLUDE BUT NOT BE
10 LIMITED TO THE FOLLOWING:

11 (I) TO DO WHATEVER IS NECESSARY TO ENABLE STUDENTS WITH WHOM
12 THE AGENCY MAKES AN INSURED LOAN TO QUALIFY FOR FEDERAL INTEREST
13 SUBSIDY AND SPECIAL ALLOWANCE.

14 (II) TO CHARGE PREMIUMS FOR INSURANCE ON LOANS.

15 (III) TO ENTER INTO CONTRACTS WITH SCHOOLS, LENDERS [AND] INDIVIDUALS, CORPORATIONS,
16 THE STUDENT LOAN MARKETING
17 ASSOCIATION [AND], OTHER AGENCIES OF THE COMMONWEALTH, OTHER
18 STATES AND THE FEDERAL GOVERNMENT TO SERVICE STUDENT LOANS.
19 CONTRACTS, CONTRACT PROVISIONS, SCHEDULES OR EXHIBITS RELATING <—
20 TO PRICING OR SCHEDULES RELATING TO EQUIPMENT, TIME CHARGES, <—
21 SERVICE CHARGES OR OTHER CHARGES OF ANY SUCH CONTRACT WHICH HAS
22 BEEN REVIEWED AND APPROVED BY THE OFFICE OF ATTORNEY GENERAL AS
23 TO FORM AND LEGALITY SHALL BE CONSIDERED AS PROPRIETARY DATA AND
24 NOT BE SUBJECT TO INSPECTION OR DISCLOSURE UNDER THE ACT OF JUNE
25 21, 1957 (P.L.390, NO.212), REFERRED TO AS THE RIGHT-TO-KNOW
26 LAW, AND THIS PROVISION SHALL APPLY TO ALL EXISTING AND FUTURE
27 PROPRIETARY DATA OF THE AGENCY.

28 (IV) TO PURCHASE STOCKS, SECURITIES, AND OBLIGATIONS ISSUED
29 BY THE STUDENT LOAN MARKETING ASSOCIATION.

30 * * *

1 (10) To establish an investigation unit which shall have the
2 power and duty to:

3 (i) investigate alleged violations of all criminal statutes
4 related to fraud or a breach of fiduciary obligation committed
5 by any person who has obtained or attempted to obtain, or aids,
6 assists, or abets in obtaining or attempting to obtain,
7 scholarship awards, educational assistance grants, loans or loan
8 guarantees or other moneys from the agency; and

9 (ii) work in conjunction with the appropriate prosecuting
10 authorities in the prosecution of cases where it is determined
11 that evidence of criminal activity exists. In the enforcement of
12 criminal statutes or investigations related to fraud or a breach
13 of fiduciary obligation under this clause, the staff of the
14 investigation unit shall have the powers of law enforcement
15 officers and the power to issue an order of subpoena duces tecum
16 to obtain original documents submitted by individuals for the
17 purpose of obtaining loans or loan guarantees or other moneys
18 from the agency.

19 * * *

20 Section 2. This act shall take effect immediately.