

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

<p>Jill B. Savedoff Individually and on behalf of all others similarly situated,</p>	<p>:</p>	<p>CASE NO. 1:06CV00135</p>
<p style="text-align: right;">Plaintiff,</p>	<p>:</p>	<p>CIVIL ACTION</p>
<p style="text-align: center;">vs.</p>	<p>:</p>	<p>JUDGE JAMES S. GWIN</p>
<p>Access Group, Inc. 5500 Brandywine Parkway Wilmington, DE 19803,</p>	<p>:</p>	<p>SECOND AMENDED & SUPPLEMENTAL CLASS ACTION COMPLAINT</p>
<p style="text-align: right;">Defendant.</p>	<p>:</p>	<p>PLAINTIFF DEMANDS A JURY TRIAL</p>
	<p>:</p>	

Jill B. Savedoff (“Plaintiff”), on behalf of herself and all others similarly situated (the “Class”), by her undersigned counsel, by way of her second amended and supplemental class action complaint against Access Group, Inc. (“Access Group” or “Defendant”), states as follows:

JURISDICTION AND VENUE

1. Plaintiff brings this action pursuant to 28 U.S.C. § 1332(d)(2) and the Class Action Fairness Act of 2005. Plaintiff and the Defendant are citizens of different States, and the amount in controversy exceeds \$5,000,000 in the aggregate, excluding interest and costs.

2. The Court has jurisdiction because Defendant conducts an extensive amount of business in this jurisdiction.

3. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(a) because a substantial part of the events giving rise to Plaintiff's claims occurred in this district. Venue is also proper in this Court because of a forum selection clause enumerated in the terms of the loans.

PARTIES

4. Plaintiff, Jill B. Savedoff, is a resident of Bethesda, Maryland. Beginning on or about May 28, 1999, and ending on or about June 25, 2002, Plaintiff contracted for educational loans ("Student Loans") that were financed and/or serviced by Defendant. These loans were procured through Access Group, financed by National City Bank, and serviced by Access Group individually or through its agent, Kentucky Higher Education Student Loan Corporation/The Student Loan People ("KHESLC").

5. Defendant Access Group, Inc., is a corporation incorporated under the laws of Delaware with its principal place of business located at 5500 Brandywine Parkway, Wilmington, DE 19803. Access Group does business throughout the United States and is a Student Loan provider/servicer for students enrolled in, among others, graduate school, business school, medical school, dental school and law school programs. As of March 31, 2005, the student loan portfolio of Access Group included over 145,000 borrowers.

CLASS ACTION ALLEGATIONS

6. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, on behalf of herself and all other members of a Class defined as follows:

All persons who are borrowers under an EZ Pay Plan on whose Student Loans the Defendant has, since January 1, 1993, compounded accrued interest after commencement of the repayment period. Excluded from the Class are those borrowers whose accrued interest has been compounded solely pursuant to a written forbearance agreement with the lender.

7. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is presently unknown, the Class is estimated, based upon business records maintained by Defendant and others produced in discovery, to include thousands of geographically dispersed individuals. The exact identity and number of Class members is ascertainable through the business records maintained by Defendant and others.

8. There are questions of law and fact common to the members of the Class, which questions predominate over any questions affecting only individual Class members. These questions include:

- (a) Whether Defendant added unpaid accrued interest to the principal of Student Loans after the commencement of the repayment period for such loans;
- (b) Whether Defendant's addition of unpaid accrued interest to the principal of the Student Loans after the commencement of the repayment period was a violation of the terms of the Student Loans;
- (c) Whether Defendant's addition of unpaid accrued interest to the principal of the Student Loans after the commencement of the repayment period results in Defendant's overcharging Plaintiff and the Class by assessing interest on interest;
- (d) Whether Defendant's actions taken since the filing of this action, purportedly to "undo" the addition of certain unpaid accrued interest to the principal of the Student Loans and subsequent application by Defendant of payments made by Plaintiff and members of the Class to unpaid interest rather than to amortize the principal and prospective interest, violate the repayment terms of such loans;
- (e) Whether Defendant has retained monies that rightfully belong to Plaintiff and the Class;

(f) Whether Plaintiff and the Class were damaged by Defendant's conduct, and, if so, in what amounts; and

(g) Whether Class members are threatened with future harm by Defendant's conduct.

9. Plaintiff is a member of the Class she seeks to represent, and her claims are typical of the claims of the Class.

10. Plaintiff will fairly and adequately represent the interests of the Class. The interests of Plaintiff are coincident with, and not antagonistic to, those of the Class. Plaintiff and the Class are represented by counsel who are experienced in the prosecution of consumer class action litigation in Ohio and nationwide.

11. This class action is superior to the other available methods for a fair and efficient adjudication of this controversy because:

(a) The prosecution of this action as a class action will eliminate the possibility of repetitious litigation, while also providing redress for the claims which will likely be too small to support the expense of individual, complex litigation;

(b) Individual Class members have little interest in individually controlling the prosecution of separate actions given the expense of prosecuting this action and the size of each Class member's likely recovery; and

(c) There will not be any undue difficulties encountered by the Court or the parties in the management of this action as a class action. To the best of Plaintiff's knowledge, there is no litigation concerning this controversy already commenced by members of the Class.

THE FACTS

12. The lending and consolidation of Student Loans is a multi-billion dollar industry.

Over the past 40 years more than 50 million students have borrowed education loans as a means for financing their higher education.

13. Currently over 14 million students are enrolled in higher education programs at over 6000 schools across the nation. It is estimated that, in the next 10 years, enrollment in higher education will increase by 15% over the current level.

14. Tuition at both private and public schools is increasing at a rate of approximately 10% per year with the average student graduating with thousands of dollars in educational debt. With the continuously rising cost of education most students have relied, and will continue to rely, on educational loans to help them attain their goals of a higher education.

15. From 1993 to 2003 Student Loan aid more than doubled from \$55 billion a year to \$122 billion per year. If the current trends hold financial aid will more than double in the next 10 years.

16. The average cost of interest on most Student Loans is over 50% of the total principal balance borrowed. A student borrowing \$15,000 in Student Loans through Access Group, with an interest rate of 3.8%, would be expected to pay at least \$8,000 in interest over the course of a twenty-year repayment period. If this rate were to increase 3% (to 6.8%) this same loan would cost the borrower approximately \$13,000 in interest, almost doubling the cost of the loan.

Access Group Loans

17. As part of the borrowing process Access Group requires students to submit a loan application and sign a promissory note containing the terms of the loan.

18. After Access Group approves a borrower's loan application the company confirms the current interest rate and disburses the money to the borrower's educational institution.

19. The period between when the loan funds are disbursed up to the first day of the repayment period is called the "interim period." During this interim period the loan accrues interest,

but students are not required to pay the interest that accrues.

20. After the interim period, the loans are considered to be in repayment.

Terms of Repayment

21. The relevant terms governing the repayment of Plaintiff's Access Group loans are set forth in Section E of the promissory note which states as follows:

1. Interim Period – During the Interim Period you [Access Group] will send me [Borrower] quarterly statements showing my loan disbursements and the interest that accrues on my loan. Statements will be sent to the address shown on your records, as provided in Paragraph L. The quarterly statements will cover periods beginning on the initial Disbursement Date and thereafter on the first date of each January, April, July, and October. I may, but am not required to, make payments of interest or principal during the Interim Period. You may add any interest that I do not pay during the Interim Period to the principal balance as described in Paragraph D.3.
2. Repayment Period – During the Repayment Period you will send me periodic statements on my loan. The periodic statements will cover periods beginning on the first day of the Repayment Period and on the same day of each following month. I will make consecutive monthly payments in the amounts and on the payment due dates shown on my periodic statements until I have paid all of the principal and interest and any other charges I may owe under this Promissory Note.
3. Repayment Terms – The amounts shown on my periodic statements will be consecutive monthly installments of the principal and interest calculated each Change Date to equal the amount necessary to amortize the unpaid principal balance (including any capitalized interest) of my loan (as of the date of calculation) in equal monthly installments of principal and interest at the Variable Rate then in effect over the number of months remaining in the Repayment Period.
4. Amounts owing at the End of the Repayment Period – Since interest accrues daily upon the unpaid balance of my loan, if I make payments after my payment due dates, I may owe additional interest. If I have not paid my late charges, I will also owe additional amounts for those late charges. In such case you will increase the amount of my last monthly payment to the amount necessary to repay my loan in full.
5. Minimum Repayment – Notwithstanding Paragraph E.3, I agree to pay at least \$50 each month (principal and interest) or the unpaid balance, whichever is less. I understand that this may result in my loan being paid off in less than 240 months.

22. Paragraph D.3 of the promissory note states, "Capitalization – You may, at your option, add all accrued interest and unpaid interest on this Promissory Note to the principal balance of

the loan on the last day of the Interim Period.”

23. Approximately two to three months before the start of the repayment period, the borrower receives a letter from Access Group and KHESLC allowing the borrower the choice of three repayment options: EasyPay Equal, EasyPay 2 Step or EasyPay 3 Step.

24. EasyPay Equal requires the borrower to make level payments, including both interest and principal, throughout the term of the loan.

25. EasyPay 2 Step allows the borrower to pay only interest for the first two years of the repayment period and for the remainder of the loan term to make level payments of interest and principal.

26. EasyPay 3 Step allows the borrower to pay only interest for the first two years of the repayment period, then interest and partial principal for the next three years of the repayment period, and then for the remainder of the loan term, level payments of interest and principal.

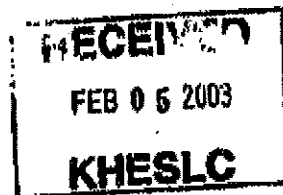
27. The letter offering these three options informs the borrower of the date that repayment will begin and the payment amount for each repayment plan. The tentative interest rate and payment schedule are calculated based upon the current interest rates at the time the letter is sent. A representation of the graduated repayment letter is shown below:



The Student Loan People
P. O. Box 24328
Louisville, KY 40224-0328
1-888-250-6401
www.studentloanpeople.com

01/06/2003

JILL B SAVERDOFF



Our records indicate that your Access Group student loan(s) will be entering repayment and as preparation, we are providing the following information to assist you in choosing your repayment terms.

Currently, you have three repayment plans available to meet your needs. They are:

Easy Pay Equal, you make equal payments throughout the term of your loan.

Easy Pay 2 Step, you make interest-only payments for two years, then equal payments of principal and interest for the remaining years.

Easy Pay 3 Step, you make interest-only payments for two years, then three years of interest and partial principal, followed by equal payments of principal and interest for the remaining years.

Based on your loan information, we have presented a comparison of the three different plans below. It is important that you realize the Easy Pay 2 and Easy Pay 3 plans assist with lowering your payments in the first few years, however you will end up paying more over the term of your repayment under these plans. Finally, if you choose any one of the three repayment options, and find yourself in a position to repay it earlier, you can do so without penalty.

For Access Group Stafford Loans Only: If the above stated graduated repayment plans do not assist you in the repayment of your loans, you may be eligible for a temporary Income Sensitive Repayment schedule. To benefit from this option, you must have a high debt to income ratio and have loans disbursed after June 30, 1993. If you feel your current financial situation qualifies you for this option, or if you have any questions regarding this letter, you may request additional information by calling the Loan Servicing Center at 888-250-6401.

Easy Pay Equal			Easy Pay 2			Easy Pay 3		
# Pmts	Pay Amt	Beginning	# Pmts	Pay Amt	Beginning	# Pmts	Pay Amt	Beginning
239	\$361.41	04/01/03	024	\$197.44	04/01/03	024	\$197.44	04/01/03
(01)	\$114.21	03/01/23	215	\$388.36	04/01/03	036	\$292.90	04/01/03
			(01)	\$9.01	03/01/23	179	\$415.39	04/01/03
Totals						001	\$5.35	03/01/23
240	\$80,491.23		240	\$88,244.07		240	\$89,643.12	

28. Upon commencement of the repayment period Defendant begin mailing the borrower a monthly billing statement ("Monthly Statement") with an attached payment coupon for the amount conforming to the repayment plan the borrower elected. In conformance with the repayment terms, the borrower is required to remit a payment covering the amount listed on the Monthly Statement.

Defendant Failed to Adjust the Monthly Payment to Reflect a Rise in Interest Rates.

29. Between August 13, 1999, and June 25, 2002, Plaintiff entered into a series of Student Loan agreements with Access Group to finance her graduate education. Plaintiff's loans totaled \$71,858.

30. Before the repayment period of these loans began, Plaintiff received a letter from

Access Group (and KHESLC) providing her the option of choosing one of three repayment methods. Plaintiff checked the option that indicated, "Yes. I would like the EasyPay 3 Step Repayment Plan." The letter was signed and returned on or about February 1, 2003. Defendant (or its agent) received this letter on or about February 5, 2003.

31. Accordingly, the parties agreed that Defendant would render to the Plaintiff Monthly Statements that (a) for two years would call for a payment of the amount of interest due on Plaintiff's Student Loans, (b) for three years thereafter would call for payment of the amount of interest due and a part of the principal due, and (c) thereafter would call for a level payment of interest and principal.

32. Prior to Plaintiff's repayment period, in conformance with the loan terms, Defendant added any outstanding interest that had accrued during the interim period to the Plaintiff's original loan amount. The addition of this accrued interest to the principal loan amount resulted in a revised loan balance of \$88,477. This revised loan balance represented the principal amount upon which interest would begin to accrue on March 20, 2003, at the start of the repayment period.

33. Plaintiff received her first Monthly Statement of the repayment period on or about March 20, 2003. The statement showed a scheduled payment of \$296.36 due on April 20, 2003. The Monthly Statement reflected a payment of interest only for each of the Plaintiff's Student Loans as agreed to under the EasyPay 3 Step repayment plan.

34. In conformance with the Monthly Statement, Plaintiff remitted a payment of \$296.36.

35. Plaintiff continued to remit her payments upon receiving each subsequent Monthly Statement.

36. In or about October 2004, Access Group increased the interest rate for student loan borrowers.

37. Despite the increase in the interest rate, Defendant did not increase the amount due on the Plaintiff's subsequent Monthly Statements to reflect the higher rate of monthly interest that was being accrued on the loans.

38. Although the actual monthly interest that was accruing under the increased interest rate was \$320.00, Plaintiff continued to remit a payment of \$296.36, as called for by each Monthly Statement.

39. From October 2004, through February 2005, the interest rates on Access Group Student Loans rose approximately 1.01%. During this time period Defendant failed to adjust the Monthly Statements to account for the increase in the interest due each month. Defendant's failure to adjust the Monthly Statements resulted in Plaintiff's remitting payments that were less than the increased interest due each month.

Defendant Improperly Added Accrued Interest to Principal.

40. As of March 2004, Plaintiff had a principal loan balance of \$88,438, but also had accrued unpaid interest totaling approximately \$400. The \$400 of accrued interest represented the difference between the \$296.36 shown on the Monthly Statements and paid by the Plaintiff, and the higher interest due each month under the increased interest rates.

41. In March of 2004, Access Group and KHESLC notified Plaintiff that she would be entering the second phase of the EasyPay 3 Step repayment plan beginning with the payment due on April 20, 2005. The parties agreed that during this second phase, Defendant would bill Plaintiff monthly for an amount equal to interest and reduced principal.

42. At no time did Defendant notify Plaintiff that they would add the \$400 of accrued interest to principal balance of her loans at the start of second phase of the EasyPay 3 Step repayment plan.

43. Plaintiff received a Monthly Statement as of March 29, 2005, reflecting a payment

due of \$436.78. Under the second phase of the EasyPay 3 Step repayment plan, this amount was supposed to constitute a payment of interest due and partial principal due under the second phase of the EasyPay 3 Step repayment plan. The statement further reflected a principal balance of \$88,821.42.

44. The new principal balance of \$88,821.42 represented the addition of the approximately \$400.00 of unpaid interest that had accrued during the first phase of the EasyPay 3 Step repayment plan.

45. The addition to principal of the approximately \$400 of accrued unpaid interest allowed the Defendant to begin collecting interest on this \$400. There is no provision in the loan terms that permits Defendant to add unpaid interest to principal and to collect interest on interest after the repayment period begins.

Defendant Again Failed to Adjust the Monthly Scheduled Payment
to Reflect a Rise in Interest Rates.

46. For March 2005 through September 2005, Plaintiff received Monthly Statements for, and continued to remit, \$436.78 as the full amount due under the second phase of the EasyPay 3 repayment plan.

47. In October 2005, the interest rate on Student Loans rose approximately 0.50%. Plaintiff's Monthly Statement amount due for the month of November remained \$436.78. This monthly payment amount failed to include the additional interest resulting from the 0.50% increase in the applicable interest rate. The actual monthly interest due on the loan under the increased interest rate was approximately \$476.

48. The failure of Defendant to increase the Monthly Statement amount of \$436.78, to account for the rise in the applicable interest rate, resulted in a Monthly Statement amount that was insufficient to meet the \$476 interest obligation on the loan, and well below an amount that would

account for a partial payment of principal. As a result, Plaintiff accumulated at least \$40 per month of unpaid interest.

49. Defendant added this accrued interest to the principal of Plaintiff's loan.

50. Defendant's addition of the accrued interest to principal during the repayment period is contrary to the parties' contract.

Defendant Changed Its Accounting for Payments and Improperly
Accelerated Collection of Interest and Fees.

51. In response to Plaintiff's commencing this class action suit, in or about late June or July 2006, Defendant restated all Student Loans of Plaintiff and other Class members to the extent the loans were not already paid in full.

52. On information and belief, as part of this restatement, Defendant reduced the principal amount of each of such loans by the amount of accrued interest that had been "capitalized" after commencement of the repayment period.

53. On information and belief, Defendant then applied all funds that Plaintiff and Class members had made first to accrued interest and late fees, and only after these were paid in full were any remaining funds paid by Plaintiff and Class members applied by Defendant to amortize the principal of the Student Loans.

54. On information and belief, Defendant did not restate any Student Loans if the loans were already paid in full when the Defendant performed the restatement, and instead Defendant has retained and not refunded the amounts of interest improperly charged on interest that accrued during the repayment period.

55. As a result of their restatement of the Student Loans of Plaintiff and Class, Defendant has improperly collected accrued unpaid interest and late fees in advance of when they are due to be paid under the terms of the applicable promissory notes.

COUNT I
BREACH OF CONTRACT

56. Plaintiff repeats and re-alleges each and every allegation above, as if set forth in full herein.

57. Plaintiff and the Class contracted with Defendant to borrow Student Loans for the purpose of financing their education.

58. The promissory note, together with the EasyPay repayment letter, is a binding contract and sets forth the entire agreement of the parties.

59. Neither the promissory note nor the EasyPay repayment letter authorizes the addition of any unpaid interest to principal once the repayment period begins.

60. Defendant has improperly added unpaid interest that accumulated during the repayment period to the principal balance of the loans of Plaintiff and the Class.

61. This addition of accrued interest to principal during the repayment period is a breach of contract.

62. Neither the promissory note nor the EasyPay repayment letter authorizes the Defendant to apply payments by Plaintiff and Class members during the repayment period first against accrued interest and late fees and then, only after such are paid in full, to apply any additional sums paid to payment of interest and principal under an amortization schedule.

63. On the contrary, the promissory note affirmatively requires that during the repayment period Defendant must apply payments by Plaintiff and Class members to amortization. In this regard, Paragraph E.3 of the promissory note provides that such monthly payments “will be consecutive monthly installments of the principal and interest ... to equal the amount necessary to amortize the unpaid principal balance ... of my loan ... in equal monthly installments of principal and interest at the Variable Rate then in effect over the number of months remaining in the Repay-

ment Period.”

64. Pursuant to Paragraph E.4, accrued and unpaid interest and fees are to be paid in a balloon payment for “my last monthly payment ... to repay my loan in full.”

65. Defendant’s failure to apply all monthly payments by Plaintiff and Class members during the repayment period first to amortization of their loans is a breach of contract.

66. As a result of Defendant’s breaches as described above, Plaintiff and the Class have suffered damages in an amount to be determined at trial.

67. In the absence of equitable relief, Defendant may again improperly compound accrued interest after commencement of the repayment period and will likely continue improperly to collect and apply funds Defendant receive from Plaintiff and the Class.

68. Equitable relief is also necessary to prevent a multiplicity of suits that will otherwise be necessary as a remedy for Defendant’s future improper compounding of interest after commencement of the repayment period, and to assure that monthly payments by Plaintiff and the Class will be applied by Defendant as “consecutive monthly installments of the principal and interest ... to equal the amount necessary to amortize the unpaid principal balance ... of my loan.”

69. Accordingly, Plaintiff and the Class lack an adequate remedy at law.

70. Plaintiff and the Class are entitled to both legal and equitable relief.

WHEREFORE, Plaintiff prays that the Court certify the Class and enter judgment in her favor and that of all class members awarding:

- (a) Compensatory damages as the proof may show at trial;
- (b) Equitable relief to prevent Defendant’s continued breach of the contract;
- (c) Reasonable attorney fees; and
- (d) Such other and further relief as may be just.

Dated: November 9, 2006

/s/ David H. Weinstein

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Attorneys for Plaintiff and the Class

CERTIFICATE OF SERVICE

I hereby certify that on November 9, 2006, a copy of the foregoing Second Amended & Supplemental Class Action Complaint was filed electronically. Notice of this filing will be sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt. Parties may access this filing through the Court's system.

Dated: November 9, 2006

/s/ David H. Weinstein

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