

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**DIVISION OF BANKING**

IN THE MATTER OF: )  
 ) Order No. 2021-SLS-01  
**GRANITE STATE MANAGEMENT & RESOURCES** )  
License No. SLS.0000027; NMLS ID 1585615 )  
4 Barrell Court )  
Concord, NH 03301 )  
)  
**NEW HAMPSHIRE HIGHER EDUCATION** )  
**LOAN CORPORATION** )  
NMLS ID 1527348 )  
4 Barrell Court )  
Concord, NH 03301 )

**CONSENT ORDER**

The ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION, DIVISION OF BANKING (“Department”) and **GRANITE STATE MANAGEMENT & RESOURCES** (“Granite State”) and **NEW HAMPSHIRE HIGHER EDUCATION LOAN CORPORATION** (“NHHELCO” and, collectively with Granite State, “Respondents”) hereby enter into this Consent Order pursuant to the Student Loan Servicing Rights Act, 110 ILCS 992 (the “Act”) and the rules promulgated under the Student Loan Servicing Rights Act (“Rules”) [38 Ill. Adm. Code 1010] and stipulate and agree as follows:

**STIPULATIONS & AGREEMENT**

The Department and Respondents stipulate that the Department, pursuant to its authority under the Act and Rules, conducted an investigation of Granite State’s compliance with the Act, specifically including Granite State’s (1) failure to promptly notify the Department of the change in ownership caused by Granite State’s merger into NHHELCO in April 2020 and (2) failure to accomplish renewal of its license on or before December 31, 2020. The Department’s findings are as follows.

## **STATUTORY PROVISIONS**

1. Section 20-5(8) of the Act grants the Department the authority to issue orders against any person, if the Secretary has reasonable cause to believe that any person has violated, is violating, or is about to violate any law, rule, or written agreement with the Secretary, or for the purpose of administering the provisions of this Act and any rule adopted in accordance with the Act.
2. Section 20-30(i)(8) of the Act states, in part, that failure to comply with a rule made or issued under the provisions of this Act, shall constitute grounds for disciplinary action.
3. Section 20-30(i)(9) of the Act states, in part, that engaging in activities regulated by this Act without a current, active license, unless specifically exempted by this Act, shall constitute grounds for disciplinary action.
4. Section 20-30(h)(5) of the Act provides for the imposition of a fine not to exceed \$25,000 for each count of separate offense.

## **FACTUAL FINDINGS**

### Granite State's Failure to Advise the Department of Its Merger Into NHHELCO

5. Granite State is a student loan servicer that has been licensed by the Department under the Act since May 7, 2019.
6. On or around April 1, 2020, the operations of Granite State were merged into New Hampshire Higher Education Loan Corporation ("NHHELCO"). Granite State ceased to exist as a separate legal entity on or around the same date.
7. On or around November 23, 2020, staff of the Department emailed Granite State's designated contact to advise that the Department had recently enacted administrative rules affecting all student loan servicers in Illinois, including Granite State. Attached to this email was an electronic copy of the Rules, including 38 Ill. Adm. Code 1010.130(a), which requires a licensee to file an amendment

to its license application within 10 business days of any change that results in the information in the application becoming inaccurate or incomplete.

8. Section 15-20 of the Act specifies that an applicant must provide information including “the name and complete business and residential address or addresses of the license applicant,” and for “a partnership, association, corporation, or other form of business organization, ... the names and complete business and residential addresses of each member, director, and principal officer thereof.” 110 ILCS 992/15-20(b).
9. At no time prior to January 11, 2021, did Granite State advise the Department that the entity holding the student loan servicing license in Illinois had merged into NHHELCO and ceased its existence over nine months earlier. Nor during this time did NHHELCO submit an application for a license under the Act.
10. Granite State and NHHELCO neither admit nor deny the allegations of the Department.

#### Granite State’s Failure to Accomplish Renewal of Its License Under the Act

11. On or around December 16, 2020 and December 30, 2020, staff of the Department emailed Granite State’s designated contact to remind the contact that Granite State’s student loan servicing license needed to be renewed by the close of business on December 31, 2020. No response to either email was received by Department staff.
12. Granite State’s license under the Act expired at the end of December 31, 2020 without Granite State having submitted a properly completed renewal application form and fees or having received a written extension from the Secretary. As a result, Granite State’s license became inactive as of January 1, 2021.
13. As of January 1, 2021, NHHELCO had not applied for a license to service student loans under the Act.

14. Granite State and NHHELCO continued to service loans for borrowers who reside in Illinois, notwithstanding that a licensee may not conduct any activity regulated by the Act once a license becomes inactive or without a license.
15. Granite State acknowledged through counsel on January 11, 2021, after being contacted by staff of the Department, that NHHELCO, as Granite State's successor in interest, continued to service loans for Illinois borrowers, notwithstanding that Granite State's license was inactive and NHHELCO was not licensed under the Act.
16. Granite State and NHHELCO neither admit nor deny the allegations of the Department.

Granite State's Late-Accomplished Renewal and Reactivation of Its License

17. On January 15, 2021, Granite State submitted a renewal application along with renewal and reactivation fees. Following submission of additional outstanding information, the renewal of Granite State's license was accomplished on January 22, 2021.
18. Respondents have advised that NHHELCO applied for a license under the Act on February 22, 2021 that will be processed expeditiously by the Department and, upon approval, the license held by Granite State may be surrendered, as set forth more fully below.

**TERMS AND CONDITIONS**

WHEREFORE, the Department and Respondents agree as follows:

- I. Granite State's Illinois Student Loan Servicing License (No. SL.0000027) is placed upon Probation pursuant to Section 20-30(h)(3) of the Act for a period of 18 months. During this probationary period, the Department may conduct periodic examinations and Granite State shall enhance its compliance policies and procedures and training as described in paragraphs III-V, below, and self-report its progress to the Department. If after a period of 12 months from the Effective Date of this Consent Order, the Department determines, in its sole discretion, that Granite State is operating in a safe, sound, and lawful manner, the

Department may terminate the probationary period. If NHHELCO is issued a license under the Act prior to the expiration of the 12 or 18 months, as the case may be, Granite State may surrender its license.

- II. After NHHELCO submits an application, and upon satisfaction of any issues necessary for the Secretary to make the findings specified in Section 15-15(a) of the Act for NHHELCO to receive a license under the Act, which time frame the Department intends to be expeditious, NHHELCO's Illinois Student Loan Servicing License will be placed upon Probation pursuant to Section 20-30(h)(3) of the Act for a period of 18 months from the Effective Date of this Consent Order. During this probationary period, the Department may conduct periodic examinations and NHHELCO shall enhance its compliance policies and procedures and training as described in paragraphs III-V, below, and self-report its progress to the Department. If after a period of 12 months, the Department determines that NHHELCO is operating in a safe, sound, and lawful manner, the Department may, in its sole discretion, terminate the probationary period. The termination of such probationary period shall not be unreasonably withheld.
- III. Respondents must provide, at least annually, and within 90 days for new hires, a training to its employees, agents, and representatives who will conduct student loan servicing operations or are responsible for dealing with state and federal regulators. This training must include: compliance with the Act and its implementing Rules; ethics in the student loan servicing industry; and understanding of student loans. The first training must occur within 90 days of the Effective Date of this Consent Order.
- IV. Respondents shall notify the Department in writing of all training courses they intend to offer pursuant to Paragraph III at least thirty (30) days prior to the date of the training. Respondents shall provide a copy of all training materials they intend to use at any trainings conducted

pursuant to Paragraph III at least fourteen (14) days before the scheduled training. The Department, in its sole discretion, may attend or participate in the trainings.

- V. Respondents shall enhance their policies and procedures regarding compliance under the Act, including assuring that staff in the companies' license units (a) be adequately informed of the timing and substance of state license renewal requirements, (b) timely and accurately apply for a license and renewal licenses on NMLS, and (c) timely and appropriately respond to requests and inquiries from the Department relating to licensure. The first verification of enhanced policies and procedures with the Department must occur within 30 days of the Effective Date of this Consent Order.
- VI. Respondents agree to pay the Department \$35,000 by check in settlement pursuant to Section 20-30(h)(5) of the Act within 30 days of the Effective Date of this Consent Order. The check shall be payable to the "Illinois Department of Financial and Professional Regulation" and mailed by UPS or FedEx with tracking to the below address:
- Illinois Department of Financial and Professional Regulation  
Attn: Cash Unit, Kara Oldham/Christina Smith  
320 W. Washington St., Rm. 338  
Springfield, Illinois 62786
- VII. Respondents agree to comply with all of the corrective action measures prescribed by the Department in this Consent Order. In the event any Respondent fails to comply with these corrective action measures, the Department reserves the right to assess and enforce any of its disciplinary authority under the Act and Rules.
- VIII. By executing this Consent Order, Respondents agree to not file any petition for administrative hearing or judicial review of, or in connection with, this Consent Order, except in the event the Department alleges non-compliance with Paragraph VII.

Respondents acknowledge that they were represented by legal counsel in this matter, and that they willingly enter into this Consent Order after full review, evaluation, and consideration with full knowledge of their rights under the Act, Rules, and Illinois Administrative Procedure Act [5 ILCS 100].

- IX. The Department enters into this Consent Order for the purpose of imposing measures that are fair and equitable under the circumstances and that are consistent with the best interests of the people of the State of Illinois.
- X. This Consent Order shall become effective upon all of those hereinafter designated signing and dating the Consent Order, and on the date that the last of those designated for the Department sign and date the Consent Order (the “Effective Date”).

The foregoing Consent Order is approved in full.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING



Date: 06/09/2021

CHASSE REHWINKEL  
ACTING DIRECTOR

Date: \_\_\_\_\_

John Flanders, VP & Chief Operating Officer  
New Hampshire Higher Education Loan Corporation  
Successor in interest to Granite State Management & Resources by merger

Date: \_\_\_\_\_

John Flanders, VP & Chief Operating Officer  
New Hampshire Higher Education Loan Corporation



The foregoing Consent Order is approved in full.

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING

\_\_\_\_\_ Date: \_\_\_\_\_  
CHASSE REHWINKEL  
ACTING DIRECTOR

 \_\_\_\_\_ Date: 6-7-21  
John Flanders, VP & Chief Operating Officer  
New Hampshire Higher Education Loan Corporation  
Successor in interest to Granite State Management & Resources by merger

 \_\_\_\_\_ Date: 6-7-21  
John Flanders, VP & Chief Operating Officer  
New Hampshire Higher Education Loan Corporation