



NEWS

From the Office of the New York State Inspector General
Joseph Fisch

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LOAN SHARK TAPS CO-WORKERS IN ILLEGAL LENDING AT STATE'S STUDENT LOAN AGENCY

The New York State Inspector General found that a New York State Higher Education Services Corporation (HESC) employee loaned cash to co-workers at exorbitant interest rates and on occasion solicited repayment in sexual favors.

Alan R. West, 47, of Albany, extended at least \$13,000 in loans to agency employees from 1999 to 2008, according to Inspector General Joseph Fisch. West used state e-mail to conduct business, collecting interest on loans of \$20 to \$3,000 at HESC, a state agency which guarantees loans and gives financial assistance to college students and their families. HESC is located in Albany.

West, who scheduled repayments on state payday, collected money in stairwells or on the loading dock, the report states.

His interest rates were extremely high: One employee who owed West \$3,000 paid 7 percent interest, compounded biweekly, for an annual rate of 182 percent, the investigation found. Under state law, a person who charges more than 25 percent annual interest without legal authorization is guilty of usury, a felony.

The investigation found that West solicited sexual favors from one borrower to offset \$150 in interest owed on a \$3,000 loan, Inspector General Joseph Fisch said. Some HESC e-mails indicate that co-workers may have given West illegal drugs to reduce their debt.

West, a customer service representative earning \$37,469, resigned his state job during the Inspector General's investigation. Inspector General Fisch forwarded his findings to the Albany County District Attorney for a review of possible criminal charges.

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