



To: Deans
Resource Center Directors
Senior Business Administrators

Cc: Dr. Amy Gutmann
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From: Craig R. Carnaroli
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Subject: Guidance for Disclosures Regarding Vendor Relationships

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In the aftermath of the investigation by the New York Attorney General into undisclosed rebates to universities in connection with student financial aid, and the further inquiry into financial arrangements between universities and study abroad vendors, we have undertaken a review of each of our vendor relationships to make sure that we are properly disclosing to students, faculty, staff or alumni any benefit that the University is receiving.

As a general rule, we believe that some disclosure is appropriate in any case where the University is benefiting financially from relationships between an outside party and the University's students, faculty or staff. The nature and extent of the disclosure, however, may depend on the particular circumstances. Disclosure is particularly important where:

- (i) the product or service offered, or the manner in which the opportunity to transact business is presented, suggests that the University endorses or expresses a preference for one provider over competitors; or
- (ii) students are a primary consumer and the product or service is related to the University's core educational/research mission.

While the specific terms of the financial arrangement are usually not necessary to disclose, the disclosure should be presented in a manner calculated to ensure that a casual purchaser or user would notice and understand the disclosure text. In other word, burying the disclosure in small type or in the middle of other technical information will not suffice.

Sample disclosures are provided below.

DISCLOSURE STATEMENTS CURRENTLY IN USE

1. “In exchange for the opportunity to promote its programs to the University Community, PNC provides Penn with financial contributions that Penn uses to sustain important student programs and other University initiatives.”
2. “Bank of America, the provider of this credit card, helps support Penn student and alumni programming with every account opened and for every purchase made with the card.”
3. “The Computer Connection is operated by the University through its Division of Business Services. The Computer Connection derives revenue from the sale of computers, peripherals and software to eligible purchasers including Penn students, faculty and staff. As is the case with most retail establishments, we also receive payments in the form of rebates provided from manufacturers and suppliers of the products we sell.”
4. Penn Home Ownership Services (Housing Fair):

“In exchange for the opportunity to promote their services to the University community, each of the participating service providers has made a financial contribution to support this event and other Penn Home Ownership initiatives.”

OTHER APPROVED DISCLOSURE STATEMENTS

“Revenues earned by [_____] from the [*Wharton Signature Visa Program*] are shared with [*Wharton*] and are used to support [*Wharton’s*] programs.”

“A percentage of the revenues earned by [_____] from the [*Wharton Signature Visa Program*] are [refunded] [rebated] to [*Wharton*] and used to support [*Wharton’s*] programs”

“[*Wharton*] receives a fee from [_____] based on the anticipated revenues from [*Wharton Signature Program*].”

“[_____] supports []] programs by [paying] [rebating] [refunding] a portion of [*Signature Visa Program*] revenues to [*Wharton*].”

“In exchange for the opportunity to promote its workplace banking programs to Penn students and employees, [_____] [rebates] [refunds] [returns] to the University a portion of the revenues it earns from the Program.”

“By participating in [_____] [*Workplace Banking Program*], you make possible rebate payments from [_____] that help support the University’s educational and research mission.”

DISCLOSURE WHERE NO FINANCIAL BENEFIT IS PROVIDED

In some instances, it may also be appropriate to point out the absence of a financial relationship to reassure potential users that a referral or recommendation is free of ulterior motives. An example of that type of disclosure appears immediately below.

“Neither Penn nor [*Access Group*] receives compensation, benefits, or other consideration as a result of Penn students using this service. Penn’s use of the [*NeedAccess*] financial aid application product does not constitute an endorsement or recommendation of [*Access Group*] student loan products.”

For further guidance regarding disclosures, please contact Roman Petyk, Associate General Counsel, roman.petyk@ogc.upenn.edu