

# Gain all earnings as defined in multiple Maryland state 529 contracts

Mark Wozar, a concerned parent, trying to gain access to all of contracted funds, to include earnings and contributions, from MPCT as per 18 years of contracts and compound interest via legislative action as MPCT has retroactively and secretly removed access to over \$130,000 to \$340,000 earnings from my MPCT accounts (that are “earmarked” for his sons' college funds) and continually refuse to communicate with me and others but MPCT, after having been cited for “bad” actives by the Maryland General Assembly. I hope this body acts to create a working group to resolve this the formulaic issue; I table previous discussion points until that working group completes. I also ask to be part of the working group so account holders will have their funds. It is my hope that the working group may increase transparency via mathematical formula that may provide clarity to this issue. Clarity on this issue will demonstrate how much each contract holder is owed and the programs total obligation so this body will know how much to appropriate to be inline with the legislative guarantee.

# Current Situation

Disclaimer:

This Report is based on account and transactional data provided from the Intuition platform.

From: Scanlon, Sallie <Sallie.Scanlon@us.gt.com>  
 Sent: Tuesday, February 23, 2023 4:46:02 PM  
 To: Mark Wozniak <mwoz@frostmail.com>  
 Subject: RE: Maryland 529/Grant Thornton

Hello Mark,  
 I showed the statement you email to one of our partners. He said we do not audit personal accounts and that any discrepancy you have with the dates and interest paid should be addressed at the bank wherever the account is held. Grant Thornton may be the auditor on account for the bank as a whole, but could not assist you with your personal account discrepancy.

Sorry I couldn't be of more assistance.

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| Change in Balance | Applicable Rate | Earnings Adjustment | Minimum Benefit |
|-------------------|-----------------|---------------------|-----------------|
| 2,433.60          | 0.92%           | -                   | 2,433.60        |
| -                 | 1.03%           | 2.09                | 2,435.69        |
| -                 | 1.30%           | 2.64                | 2,438.33        |
| -                 | 1.47%           | 2.99                | 2,441.31        |
| -                 | 1.66%           | 3.38                | 2,444.69        |
| 4,120.35          | 1.66%           | -                   | 6,565.04        |
| -                 | 1.83%           | 10.01               | 6,575.05        |
| -                 | 2.10%           | 11.51               | 6,586.56        |
| -                 | 2.12%           | 11.64               | 6,598.20        |
| -                 | 2.13%           | 11.71               | 6,609.91        |
| -                 | 2.16%           | 11.90               | 6,621.81        |
| -                 | 2.44%           | 13.46               | 6,635.27        |
| 25,817.85         | 2.44%           | -                   | 32,453.12       |
| -                 | 2.67%           | 72.21               | 32,525.33       |
| -                 | 2.65%           | 71.83               | 32,597.15       |
| -                 | 2.98%           | 80.95               | 32,678.10       |
| -                 | 3.13%           | 85.24               | 32,763.34       |
| -                 | 3.15%           | 86.00               | 32,849.34       |
| -                 | 3.25%           | 88.97               | 32,938.31       |
| -                 | 3.48%           | 95.52               | 33,033.83       |
| -                 | 3.57%           | 98.28               | 33,132.11       |
| -                 | 3.70%           | 102.16              | 33,234.26       |
| -                 | 3.80%           | 105.24              | 33,339.51       |

Minimum Benefit Remaining (\$): \$ 39,071.19

Semesters Remaining (#): 8.00

FAFSA REPORTING VALUE\*: \$86,771.28

- ✓ 8/15/2008
- ✓ 9/15/2008
- ✓ 10/15/2008
- ✓ 11/15/2008
- ✓ 8/15/2017
- ✓ 9/15/2017
- ✓ 10/15/2017

1. Report is based on derived data; not primary data
2. Approximately 9 years (over 100 months) of data are excluded from calculations
3. Value reported is a loss of about \$47,000 from 2021 FAFSA value and about \$130,000 less than maximum calculation; NO contact information
4. Grant Thornton did not recognize the statement; making me question who made the statement; MPCT refuses to answer who authored it

# Contract Provisions

- The transferable amount for transfers from the Pre-paid College Trust to the Maryland College Investment plan will equal the equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions at the time Account's is transferred ” (Article VII, item 3)
- Article IV Benefits – Calculations “The Board may develop other methods for the calculation of Benefit...No such calculation may adversely alter the fundamental rights and obligations of the contract”

# Contract Provisions (continued)

“Article IX – General Provisions” section “Changes to Contract.” (November 2003 - March 19, 2004 Contract), which states, in part “The Board may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if the Board determines it is in the College Savings Plan of Maryland and/or the Prepaid College Trust's best interest to do so. However, the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary except to the extent necessary to ensure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the College Savings Plans of Maryland or the Prepaid College Trust. The Board will promptly notify you of such amendments”

# Original forecasts which turned out to be true but were changed

- Per Audit MPCT is now purposefully conducting “a documented evaluation of the methodology it uses for calculating refund and rollover payments, including consideration of methodologies used by other states, to ensure that rollover and refund payments are not excessive” breaking existing contracts
- Even after the audit found interests calculations were “overcompensating” some, MPCT still provided rollovers, but since migrating out of Maryland no interest is being promised

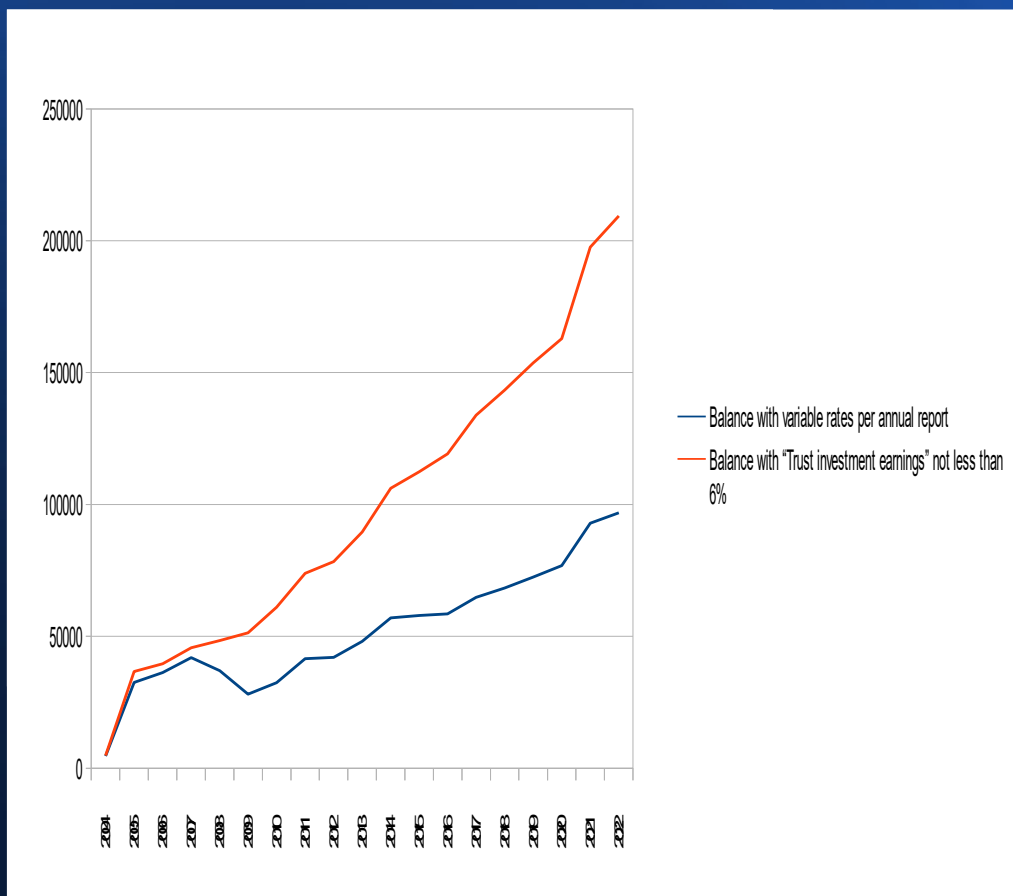
# Original forecasts which turned out to be true but were changed (continued)

- Indeed, “In total, incorrect values were shown for approximately 4-6 months between November 2021 and April 2022,” Savia said; previous statements are correct and since inception rate is to be used for all calculations until May 2021 and then after November 2021, leaving only 6 months in flux.
- Per SEC regulations and Sarbanes-Oxley electronic records are to be accessible for years

# Original forecasts which turned out to be true but were changed (continued)

- MPCT admits that “earnings increase at the rate of 6% per year”
- MPCT admits earnings will be at least 6% when no “distribution for Tuition prior to November 1, 2021”
- MPCT stated that every month would be included interest calculation
- MGA audit clearly states “Under Maryland 529's current methodology, interest earnings for each year were calculated...using a 'since inception rate'”

# Contractual Amount Due



| Year | Principal   | 6% for each year | Balance with variable rates per annual report | variable rates per annual report using "Trust investment earnings" | Balance with "Trust investment earnings" not less than 6% |
|------|-------------|------------------|---|--|---|
| 2004 | \$4,230.00  | \$4,483.80       | \$4,600.13                                    | \$4,788.36   | \$4,788.36  |
| 2005 | \$33,213.85 | \$35,475.71      | \$36,220.18                                   | \$36,609.08  | \$36,609.08   |
| 2006 | \$33,214.85 | \$37,604.25      | \$40,385.50                                   | \$39,537.80  | \$39,537.80   |
| 2007 | \$33,215.85 | \$39,860.51      | \$46,645.26                                   | \$45,666.16  | \$45,666.16   |
| 2008 | \$33,216.85 | \$42,252.14      | \$41,080.48                                   | \$43,017.52  | \$48,406.13   |
| 2009 | \$33,217.85 | \$44,787.27      | \$31,221.16                                   | \$33,123.49  | \$51,310.50   |
| 2010 | \$33,218.85 | \$47,474.50      | \$36,066.69                                   | \$39,416.96  | \$61,059.49   |
| 2011 | \$33,219.85 | \$50,322.97      | \$46,165.36                                   | \$47,694.52  | \$73,881.99   |
| 2012 | \$33,220.85 | \$53,342.35      | \$46,765.51                                   | \$48,457.63  | \$78,314.91   |
| 2013 | \$33,221.85 | \$56,542.89      | \$53,452.98                                   | \$55,387.07  | \$89,513.94   |
| 2014 | \$33,222.85 | \$59,935.46      | \$63,395.23                                   | \$65,633.68  | \$106,074.02  |
| 2015 | \$33,223.85 | \$63,531.59      | \$64,358.84                                   | \$67,222.01  | \$112,438.46  |
| 2016 | \$33,224.85 | \$67,343.49      | \$65,105.40                                   | \$66,751.46  | \$119,184.76  |
| 2017 | \$33,225.85 | \$71,384.10      | \$72,039.13                                   | \$74,961.89  | \$133,844.49  |
| 2018 | \$33,226.85 | \$75,667.14      | \$76,022.89                                   | \$80,284.18  | \$143,347.45  |
| 2019 | \$33,227.85 | \$80,207.17      | \$80,599.47                                   | \$86,064.65  | \$153,668.47  |
| 2020 | \$33,228.85 | \$85,019.60      | \$85,435.44                                   | \$90,970.33  | \$162,888.57  |
| 2021 | \$33,229.85 | \$90,120.78      | \$103,376.88                                  | \$110,347.01   | \$197,583.84  |
| 2022 | \$33,230.85 | \$95,528.02      | \$107,770.39                                  | \$115,036.76   | \$209,438.87  |

Since no formula was ever shared, I shared my calculations with MPCIT and asked for discussion per requirement; nothing under 6% impacts bottom line



# Appendix

# Development up to present

Calculation FAQs x 4004003982-Wozar.pdf x New tab x +

https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-Earnings-Calculation-Updates/Calculation-FAQs

FAQs Contact Us Give a Gift Log In Open an Account

**Maryland529**

529 Basics Investment Plan Prepaid Plan Account Holders About Us In the Community

Why would Account Holder's Account page show different amounts from what it should have been under the Plan Disclosure Statement?

If I already rolled over principal, will Maryland 529 pay interest on earnings that are being held in the Account?

How are Operating Expenses applied?

How are earnings calculated for Accounts in existence on October 31, 2021?

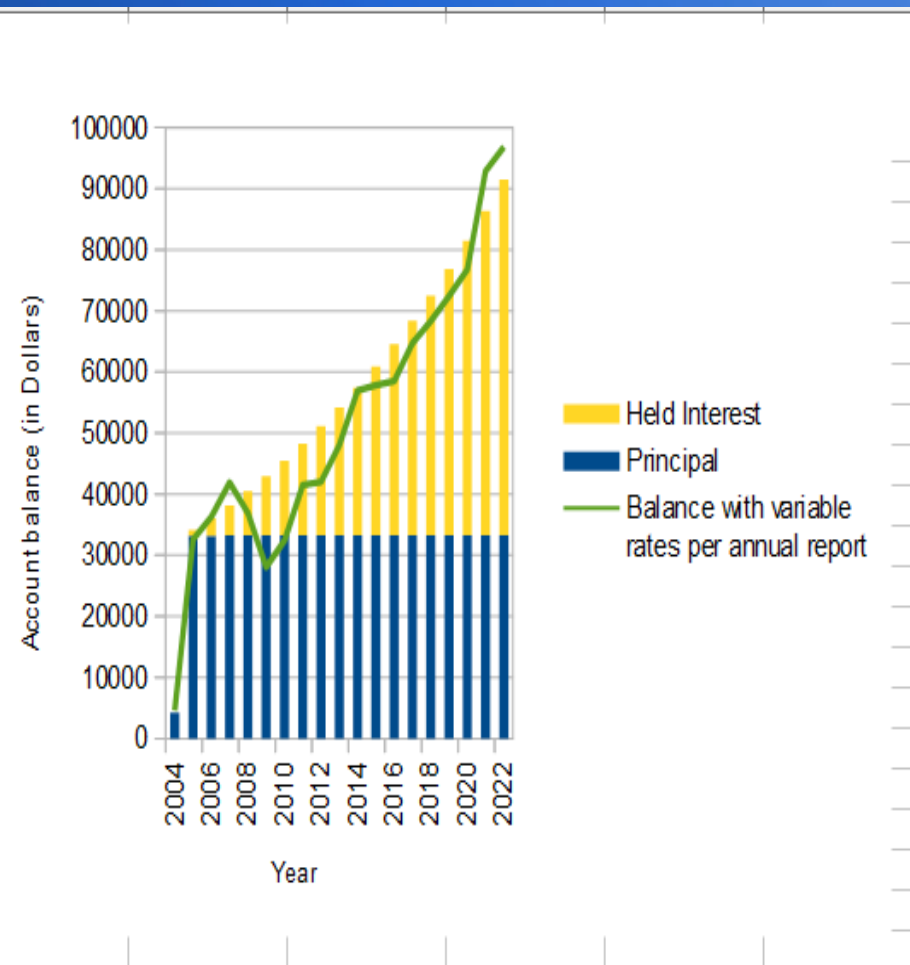
If you made contributions prior to November 1, 2021, the earnings increase at the rate of 6% per year, compounded monthly. These contributions continue to earn at the 6% rate. However, if funds that were contributed prior to November 1, 2021, were also distributed for Tuition prior to November 1, 2021, the funds attributable to the earlier distributions are not entitled to the new earnings rate – rather they would have received the rate in effect under the Plan at the time of that distribution. The new rate is applicable to the balance of pre-November 1, 2021 contributions still in your account as of that date. If you made contributions to your plan after November 1, 2021, you will earn a rate that is set annually based on the 10-year Treasury Note.

1. MPCT admits that “earnings increase at the rate of 6% per year”

2. MPCT admits earnings will be at least 6% when no “distribution for Tuition prior to November 1, 2021”

# Development up to present (continued)

| Year     | Principal   | Held Interest | 5.5 for each year | 5.8 for each year | 6 for each year | Balance with variable rates per annual report |
|----------|-------------|---------------|-------------------|-------------------|-----------------|---|
| 12/31/04 | \$4,230.00  | \$0.00        | \$35,040.61       | \$35,140.25       | \$35,206.68     | \$4,600.13                                    |
| 12/31/05 | \$33,213.85 | \$932.83      | \$36,967.85       | \$37,178.39       | \$37,319.08     | \$32,545.91                                   |
| 12/31/06 | \$33,214.85 | \$2,809.90    | \$39,001.08       | \$39,334.73       | \$39,558.23     | \$36,288.68                                   |
| 12/31/07 | \$33,215.85 | \$4,970.38    | \$41,146.14       | \$41,616.15       | \$41,931.72     | \$41,913.43                                   |
| 12/31/08 | \$33,216.85 | \$7,260.56    | \$43,409.17       | \$44,029.89       | \$44,447.62     | \$36,913.16                                   |
| 12/31/09 | \$33,217.85 | \$9,688.20    | \$45,796.68       | \$46,583.62       | \$47,114.48     | \$28,054.00                                   |
| 12/31/10 | \$33,218.85 | \$12,261.56   | \$48,315.50       | \$49,285.47       | \$49,941.35     | \$32,407.98                                   |
| 12/31/11 | \$33,219.85 | \$14,989.39   | \$50,972.85       | \$52,144.03       | \$52,937.83     | \$41,482.22                                   |
| 12/31/12 | \$33,220.85 | \$17,880.94   | \$53,776.35       | \$55,168.38       | \$56,114.10     | \$42,021.48                                   |
| 12/31/13 | \$33,221.85 | \$20,946.05   | \$56,734.05       | \$58,368.15       | \$59,480.95     | \$48,030.56                                   |
| 12/31/14 | \$33,222.85 | \$24,195.13   | \$59,854.43       | \$61,753.50       | \$63,049.80     | \$56,964.24                                   |
| 12/31/15 | \$33,223.85 | \$27,639.20   | \$63,146.42       | \$65,335.20       | \$66,832.79     | \$57,830.10                                   |
| 12/31/16 | \$33,224.85 | \$31,289.99   | \$66,619.47       | \$69,124.64       | \$70,842.76     | \$58,500.93                                   |
| 12/31/17 | \$33,225.85 | \$35,159.88   | \$70,283.54       | \$73,133.87       | \$75,093.32     | \$64,731.27                                   |
| 12/31/18 | \$33,226.85 | \$39,262.02   | \$74,149.14       | \$77,375.64       | \$79,598.92     | \$68,310.91                                   |
| 12/31/19 | \$33,227.85 | \$43,610.35   | \$78,227.34       | \$81,863.42       | \$84,374.86     | \$72,423.23                                   |
| 12/31/20 | \$33,228.85 | \$48,219.65   | \$82,529.85       | \$86,611.50       | \$89,437.35     | \$76,768.62                                   |
| 12/31/21 | \$33,229.85 | \$53,105.56   | \$87,068.99       | \$91,634.97       | \$94,803.59     | \$92,890.04                                   |
| 12/31/22 | \$33,230.85 | \$58,284.68   | \$91,857.78       | \$96,949.80       | \$100,491.81    | \$96,837.86                                   |



Since no formula was ever shared, I shared my calculations with MPCCT and asked for discussion per requirement; Andrew's been rebuffed

# Development up to present (continued)

| Year | Annual reported interest | Multiplication value based on Contract modification clause | Source ( <a href="https://maryland529.com/About-Us/Annual-Reports">https://maryland529.com/About-Us/Annual-Reports</a> )   |
|------|--------------------------|--|--|
| 2004 | 13.2000%                 | 13.2000%   | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2004/2004AR.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2004/2004AR.pdf</a> "The Prepaid College Trust's investments earned an overall return of 13.2% during fiscal year 2004"  |
| 2005 | 8.4000%                  | 8.4000%  | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2005/2005AR.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2005/2005AR.pdf</a> "The Prepaid College Trust's investments produced an overall rate of 8.40%"                          |
| 2006 | 8.0000%                  | 8.0000%  | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2006/2006AR.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2006/2006AR.pdf</a> "The Prepaid College Trust's investments produced an overall return of 8.0% during Fiscal Year 2006" |
| 2007 | 15.5000%                 | 15.5000%   | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2007/2007AR.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2007/2007AR.pdf</a> "The Trust's investments produced an overall return of 15.5% during fiscal year 2007"                |
| 2008 | -5.8000%                 | 6.0000%  | "The primary reason for this decline is that the Trust's investments produced an overall loss of 5.8%"   |
| 2009 | -20.4000%                | 6.0000%  | <a href="file:///C:/Andrew/College/CSP_AR09_FINAL.pdf">file:///C:/Andrew/College/CSP_AR09_FINAL.pdf</a> "For the fiscal year, investments in the Prepaid College Trust declined by 20.4%."   |
| 2010 | 14.0000%                 | 14.0000%   | <a href="CSPMD_current_annual_report_summary_2010.pdf">CSPMD_current_annual_report_summary_2010.pdf</a> "This increase was primarily due to the 14.0% return on the Trust's investments for the period"  |
| 2011 | 21.0000%                 | 21.0000%   | <a href="CSPMD_Annual_Report_Summary_2011.pdf">CSPMD_Annual_Report_Summary_2011.pdf</a> "This increase was primarily due to the 21.0% return on the Trust's investments for the period"  |
| 2012 | 1.6000%                  | 6.0000%  | <a href="CSPMD_Annual_Report_Summary_2012.pdf">CSPMD_Annual_Report_Summary_2012.pdf</a> "This increase was negatively impacted by the 1.6% return on the Trust's investments for the period"   |
| 2013 | 19.0000%                 | 19.0000%   | <a href="CSPMD_Annual_Report_Summary_2013.pdf">CSPMD_Annual_Report_Summary_2013.pdf</a> "This is nearly a 20% increase in investments over the past fiscal year."  |
| 2014 | 18.5000%                 | 18.5000%   | <a href="CSPMD_Annual_Report_Summary_2014.pdf">CSPMD_Annual_Report_Summary_2014.pdf</a> "Investments in the Maryland Prepaid College Trust earned about 18.5%."  |
| 2015 | 2.4200%                  | 6.0000%  | <a href="MD529_AR_2015_FINAL_.pdf">MD529_AR_2015_FINAL_.pdf</a> "Investments in the Maryland Prepaid College Trust earned approximately 2.42%"   |
| 2016 | -0.7000%                 | 6.0000%  | "Investments in the Maryland Prepaid College Trust were relatively flat for the fiscal year with a - 0.7% return with the investment. "  |

Since no formula was ever shared, I shared my calculations with MPCT and asked for discussion per requirement; nothing under 6% impacts bottom line

# The Present Situation

- Four days after my son, Andrew, was born (in 2004) his MPCT account was opened; his “newborn” contract included:
  - MARYLAND LEGISLATIVE GUARANTEE: “Your investment comes with peace of mind. Maryland law provides that in the event that funds in the Trust are insufficient to pay full Benefits in any given year, the Governor shall include an amount in the following year’s State budget to fully pay Benefits, subject to the Maryland General Assembly’s final approval.”
  - “The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment plan will equal the equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions at the time Account’s is transferred ” (Article VII, item 3; Appendix cross referenced)
  - Article IV Benefits – Calculations “**The Board may develop other methods for the calculation of Benefit...No such calculation may adversely alter the fundamental rights and obligations of the contract**”
  - Article VII number 3 discusses “Termination, Transfer and Rollover”
- Within a year his account was paid in full
- ~9 years (over 100 consecutive months) have been excluded from earnings calculations
- Maryland Prepaid College Trust refuses to answer questions

# The Present Situation (continued)

“Beginning November 1, 2021 and first reflected in the actuarial valuation results as of June 30, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited through October 31, 2021 on account balances at the Trust since inception rate of return as of June 30, 2021 (6.00 percent). Interest credited after October 31, 2021 will be based on the 10-year..”

# The Present Situation (continued)

It does not supersede “Article IX – General Provisions” section “Changes to Contract.” (November 2003 - March 19, 2004 Contract), which states, in part “The Board may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if the Board determines it is in the College Savings Plan of Maryland and/or the Prepaid College Trust's best interest to do so. However, the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary except to the extent necessary to ensure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the College Savings Plans of Maryland or the Prepaid College Trust. The Board will promptly notify you of such amendments”

# The Present Situation (continued)

- Annual statements year after year documented Andrew's contributions and earnings (Appendix)

Note 1: Previous years (2004 to 2021) listed full account values (contributions and earnings)

- Until 2021 contributions and earnings were only accessible on web
- Annual statements prior to 2021 are not longer retrievable on web

Note 2: 2021 annual statement reported FAFSA value was in excess of \$85,000

Note 3: 2023 statement reported minimum value \$39,203 and NO max value

- **2022 annual statement reported no FAFSA value**



# The Present Situation (continued)

- Maryland General Assembly presents unfavorable MPCT report
- MPCT admits to “calculation error” but does not say what it is, provides a remediation time table
- MPCT does not state nor post “proper” calculation
- MPCT does not substantially respond to requests for calcification
- MPCT does not deny it amends its calculation in secret and admits does not provide a timetable for account holders to know their balances
- MPCT states the calculation error was one year only but overturns decades of account statements without stating why

# The Present Situation (continued)

The following is a partial list describing documents found either by STO or Maryland 529:

- Documentation of disbursement transactions, totaling approximately \$4.3 million, that had never been recorded in or had been improperly recorded in Maryland 529's records
- Unopened and undelivered mail dating back at least 10 years
- Undeposited checks totaling \$14,000 dating back to October 2007
- Disbursement checks for individual amounts up to \$28,000 prepared but never sent to account holders dating back to August 2008
- Unprocessed refund requests dating back to April 2014

# The Present Situation (continued)

- Unpaid invoices and delinquency notices from collection agencies
- Unresolved correspondence and other transactions, such as change in beneficiary forms
- Incomplete reconciliations of critical records, such as reconciliations of Maryland 529 records to the corresponding bank records
- Documentation of overpayments to account holders totaling approximately \$200,000
- The review of these discovered documents also uncovered the existence of a bank account. The account, which reflected a balance of approximately \$15 million as of June 2015, was determined to be used for the deposit of certain administrative fees received from the private investment company responsible for managing the Maryland College Investment Plan (MCIP).
- Maryland 529 management personnel identified certain irregularities attributed to a former Maryland 529 employee's personal Maryland 529 accounts.

# The Present Situation (continued)

- MPCT representatives distort facts in hearings
- Maryland General Assembly was provided a DRAFT bill to rectify the situation and condones the act as they have done nothing
- Maryland General Assembly does not have solution scheduled to be heard (let alone rectified) until January 2025
- Maryland General Assembly legal counsel have been notified that SEC has been contacted
- SEC has an open file number on the situation (01281070)

# Development up to present

- Current calculations have never been and are currently not being shared
- Original forecasts which turned out to be wrong
- Original forecasts which turned out to be true but were changed

# Current calculations have never been and are currently not being shared

- I have requested my accounts be examined and/or my calculations be commented on via form, email, phone contacts to MPCT and their vendor but am only told I have the principle; the interest is LOST
- If interest is cumulative and not once, why does the amount vary so? No one will answer the question
- I have asked that the MPCT posted on the web the spreadsheets used for calculations
- Why were previous valuations removed from web?

# Original forecasts which turned out to be wrong

- 6% retroactive charge is less than the variable earnings compounded since the inception of the contract
- Calculation error

# Development up to present (continued)

## Rollover and Refund Methodology Used in Other States

We determined that there are currently nine other states that offer prepaid college contracts. We contacted five of those states to compare their rollover and refund methodologies to Maryland 529's methodology. We were informed by officials in four states that they generally limited rollover and refund payments to the current value of the college benefits available to the account beneficiary at the time of the account holder's request for rollover or refund. We applied this methodology to the MPCT account rollover to MCIP made in May 2018 that was illustrated in Table 2. Using the maximum value of Maryland State university and college benefits at the time of the rollover, we determined that the rollover payment would have been \$44,357 rather than the \$77,012 (\$44,902 account balance and \$32,110 interest) payment made as determined by Maryland 529's current methodology.

The fifth state contacted advised that it used a pre-defined market index, which, for the period from April to June of 2018, was 2.16 percent. We did not attempt to calculate interest for this account using a market index.

## **Recommendation 6**

Since the purpose of MPCT is to contract for a guaranteed payment of State university or college costs for a specified beneficiary, and not as an investment vehicle, we recommend that the Maryland 529 Board

- a. conduct a documented evaluation of the methodology it uses for calculating refund and rollover payments, including consideration of methodologies used by other states, to ensure that rollover and refund payments are not excessive; and
- b. ensure that future tuition contracts clearly reflect any changes Maryland 529 considers necessary as a result of this evaluation.

Per Audit MPCT “a documented evaluation of the methodology it uses for calculating refund and rollover payments” may have overcompensated some, but now they offer no earnings and have wiped out previous contractually guaranteed earnings retroactively and secretly; I submit breaking 2013 Maryland Code COMMERCIAL LAW § 22-701



# Development up to present (continued)

**Table 2**  
**Schedule of Interest Earnings For 2018 Rollover Example**  
**Comparing Different Interest Calculation Methodologies**  
Three Interest Earning Calculations

| Year         | Fiscal Year | Cumulative Account Balance | Three Interest Earning Calculations                          |  |  |
|--------------|-------------|----------------------------|--|--|--|
|              |             |                            | Current Method: Maryland 529 Actual Calculation <sup>1</sup> | Scenario A: Office of Legislative Audits Calculation using "Since Inception" Rate <sup>2</sup> | Scenario B: Office of Legislative Audits Calculation using Actual Annual Rate of Return <sup>3</sup> |
| 1            | 2006        | \$ 3,454                   | \$ 2,470   | \$ 190   | \$ 276   |
| 2            | 2007        | 6,908                      | 2,470  | 380  | 1,071  |
| 3            | 2008        | 10,362                     | 2,470  | 570  | (601)  |
| 4            | 2009        | 13,816                     | 2,470  | 760  | (2,818)  |
| 5            | 2010        | 17,270                     | 2,470  | 950  | 2,418  |
| 6            | 2011        | 20,724                     | 2,470  | 1,140  | 4,352  |
| 7            | 2012        | 24,178                     | 2,470  | 1,330  | 387  |
| 8            | 2013        | 27,632                     | 2,470  | 1,520  | 2,957  |
| 9            | 2014        | 31,086                     | 2,470  | 1,710  | 5,751  |
| 10           | 2015        | 34,540                     | 2,470  | 1,900  | 836  |
| 11           | 2016        | 37,994                     | 2,470  | 2,090  | (266)  |
| 12           | 2017        | 41,448                     | 2,470  | 2,280  | 5,098  |
| 13           | 2018        | 44,902                     | 2,470  | 2,470  | 3,188  |
| <b>Total</b> |             |                            | <b>\$ 32,110</b>   | <b>\$ 17,290</b>   | <b>\$ 22,649</b>   |

Source: Maryland 529 records and audited financial statements

**Tickmark Key:**

<sup>1</sup> Under Maryland 529's current methodology, interest earnings for each year were calculated by Maryland 529 based on the final account balance at the time of rollover (\$44,902) using a "since inception" rate of 5.5 percent.

<sup>2</sup> Under Scenario A, interest was calculated annually based on the estimated account balance for each fiscal year-end using simple interest at a "since inception" rate of 5.5 percent.

<sup>3</sup> Under Scenario B, interest was calculated annually based on the estimated account balance for each fiscal year-end using simple interest at the MPCT annual rate of return for that year as stated in the annual financial statements.

**Maryland529**

Formerly College Savings Plans of Maryland

July 30, 2020

The Maryland Prepaid College Trust has completed your request to calculate the value of your account(s). In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

Principal: \$ 8,487.50  
Earnings: \$ 7,456.06  
Fees: \$ -32.00  
Total: \$ 15,911.56

Please note that these figures are calculated as of today's date and they may vary based on the receipt of the final request.

Sincerely,

MPCT Accounts Department

217 E. REDWOOD STREET | SUITE 1350 | BALTIMORE, MARYLAND 21202 | TELEPHONE TOLL FREE 888-4MD-GRAD  
TTY MARYLAND RELAY: 800-735-2258 | FAX (410) 333-2295 | WWW.MARYLAND529.US

**Maryland529**

Formerly College Savings Plans of Maryland

August 1, 2019

Dear Account Holder,

The Maryland Prepaid College Trust has completed your request to calculate the value of your account. In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

**Rollover Value - .25 units**

Principal: \$ 2,121.88  
Earnings: \$ 1,934.35  
Fees: \$ (60.00)  
Total: \$ 3,996.23

**Rollover Value - .50 units**

Principal: \$ 4,243.75  
Earnings: \$ 3,868.71  
Fees: \$ (60.00)  
Total: \$ 8,052.46

Please note that these figures are calculated as of today's date and that they may vary based on the receipt of the final request. If you have any additional questions, please contact our dedicated team at (888) 463-4723 option 2 or by emailing [customer.service@md529.org](mailto:customer.service@md529.org).

Sincerely,

Maryland Prepaid College Trust  
(443)769-1042  
[rolinsons@maryland529.org](mailto:rolinsons@maryland529.org)  
[www.Maryland529.com](http://www.Maryland529.com)

17 E. REDWOOD STREET | SUITE 1350 | BALTIMORE, MARYLAND 21202 | TELEPHONE TOLL FREE 888-4MD-GRAD  
TTY MARYLAND RELAY: 800-735-2258 | FAX (410) 333-2295 | WWW.MARYLAND529.US

1. Previous rollovers were paid out using "since inception" rate; now others, like Andrew, get no interest

2. Notice the audit clearly states "Under Maryland 529's current methodology, interest earnings for each year were calculated...using a 'since inception rate'". Indeed, "In total, incorrect values were shown for approximately 4-6 months between November 2021 and April 2022," Savia said; previous statements are correct and since inception rate is to be used for all calculations until May 2021 and then after November 2021, leaving only 6 months in flux.

# Development up to present (continued)

**Maryland529**  
formerly College Savings Plans of Maryland

September 22, 2020

The Maryland Prepaid College Trust has completed your request to calculate the value of In accordance with the plan guidelines, you will receive your initial principal balance less disbursements along with all corresponding realized earnings less fees, since inception. The amount you will receive is reported as follows:

|                     |                      |
|---------------------|----------------------|
| <b>Rollover</b>     | XXXX [REDACTED]      |
| <b>Purchaser:</b>   | [REDACTED]           |
| <b>Beneficiary:</b> | [REDACTED]           |
| <b>Principal:</b>   | \$ 40,804.00         |
| <b>Earnings:</b>    | \$ 29,519.65         |
| <b>Fees:</b>        | <del>\$-260.00</del> |
| <b>Total:</b>       | \$70,063.65          |

Please note that these figures are calculated as of today's date are final as of the day of your request.

Sincerely,  
MPCT Accounts Department  
[REDACTED]  
Fiscal Accounts Clerk  
443-240-8306

From: Maryland 529 Customer Relations Team [mailto:accounts@maryland529.org]  
Sent: Tuesday, September 26, 2017 4:22 PM  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: Re: [REDACTED]

Good Afternoon,  
If your daughter goes to a Maryland public college, you are correct, tuition will be covered regardless of the amount available on the contract. If there is a remaining balance available on your contract, each semester you are able to claim your unused benefit and use it towards other qualified higher education expenses. You can use the funds towards graduate classes. Or you can transfer the funds to another beneficiary depending on the amount remaining.

If you have any other questions, please feel free to reach out to our dedicated customer relations team at [REDACTED]

Thank you for your participation in Maryland 529!

[REDACTED]  
**Accountant II**  
Maryland Prepaid College Trust  
Phone: [REDACTED] 5  
[Benefits@Maryland529.org](mailto:Benefits@Maryland529.org)  
[www.Maryland529.com](http://www.Maryland529.com)

The contents of this e-mail and any attachments are intended solely for the use of the named addressee(s) and may contain confidential and/or privileged information. Any unauthorized use, copying, disclosure, or distribution of the contents of this e-mail is strictly prohibited by the sender and may be unlawful. If you are not the intended recipient, please notify the sender immediately and delete this e-mail.

On Mon, Sep 25 at 4:52 PM [REDACTED] wrote:  
Thank you for the information [REDACTED]. We are trying to decide whether or not we should do a rollover, and a response to the following questions would be very helpful:

If my daughter goes to a Maryland public college, like UMCP, I understand that her tuition for four years would be covered, regardless of the actual amount that is available in her 529 plan, is that correct?  
If she has \$64,175.64 in the 529 plan, but tuition only is \$40,000 (over four years), what happens to the difference?

Thanks for your help,  
[REDACTED]

From: Maryland 529 Customer Relations Team [mailto:accounts@maryland529.org]  
Sent: Wednesday, September 20, 2017 3:07 PM  
To: [REDACTED]  
Subject: Re: Re: Question re: MD Prepaid College Trust Account (Existing Account Holder)

Good Afternoon,  
Below is a calculation of the refund/rollover value of your account number [REDACTED]

**Rollover Value**  
Principal: \$40,804.00  
Earnings: \$23,631.64  
Fees: (\$260.00)  
Rollover Value: \$64,175.64

Thank you for your participation in Maryland 529!  
[REDACTED]

Although previous rollovers were paid out, no formula was ever shared; some people got paid; now others get nothing

# Overview

- Review contracts
- Review deposits
- Review statements
- Review of Office of Legislative Audits findings
- Review breach of contract
- Review mail fraud
- Review wire fraud
- Review of obstruction of justice
- Review recommendations to move forward

# Long-term goal

- Via the legislative guarantee have the Maryland General Assembly fulfill their contractual duty and provide access to funds for Maryland Prepaid College Trust holders “Save here. Go anywhere.”
- Maryland General Assembly in the current session pass a bill, which is yet to be written, that has a line item to the general state budget authorizing a \$140 million dollar line-of-credit to MPCT so that students may follow their dreams

# Development up to present (continued)

## Should Account Holders expect that the earnings calculation used to calculate interest be the same as the 2022 Plan Disclosure Statement?

The terms of the 2022 Prepaid College Trust Disclosure Statement remain in effect and will be used to review distributions since November 1, 2021. No update to the plan terms with respect to the calculation of Minimum Benefits, rollovers, and refunds is anticipated at this time.

## If the calculation issue occurred at the time of the November 1, 2021 conversion, why wasn't the issue resolved before the next Tuition cycle?

The conversion occurred after fall 2021 Tuition had been processed and before the start of spring 2022 Tuition cycle. We have been working with Intuition since we first discovered the problem to correct the calculations. To avoid providing inaccurate information, the Minimum Benefit calculation was suspended while we worked with consultants to determine the source of the problem. We have been working to identify the source of the issue so that we can correct the calculations and reactivate the automatic calculation of the benefit and have it displayed correctly in Account Holder's Account page.

## When do earnings stop accruing?

There is a maximum benefit calculation that stops accruing earnings on a date that is equal to the Projected Enrollment Year (the year your beneficiary became college age—that was used to set plan pricing), plus 10 years, plus the number of years purchased under the contract.

1. When contacted, Intuition admits they only may view contributions and withdraws
2. MPCT admits it has yet to identify the "calculation error"

# Development up to present (continued)

The screenshot shows a Maryland 529 account statement. The top header includes the Maryland 529 logo and account details. Below is a large table with multiple columns, including dates, descriptions, and monetary values. The table is divided into sections, likely representing different time periods or types of transactions. The data is presented in a grid format with alternating row colors for readability.

## Disclaimer:

This Report is based on account and transactional data provided from the Intuition platform.

Minimum Benefit Remaining (\$): **\$ 39,071.19**

Semesters Remaining (#): **8.00**

- ✓ 8/15/2008
- ✓ 9/15/2008
- ✓ 10/15/2008
- ✓ 11/15/2008
- ✓ 8/15/2017
- ✓ 9/15/2017
- ✓ 10/15/2017

To: You Fri 2/17/2023 6:54 PM

Hey Mark- thank you for sending the document. This looks like a bank statement. I don't see Grant Thornton listed anywhere. This is not a GT generated document. Do you have something that shows GT has a connection to this account? That would be helpful.

Thanks so much,

From: Scanlon, Sallie <Sallie.Scanlon@us.gt.com>  
 Sent: Tuesday, February 21, 2023 4:46:02 PM  
 To: Mark Wozar <mwozar@hotmail.com>  
 Subject: RE: Maryland 529/Grant Thornton

Hello Mark,  
 I showed the statement you email to one of our partners. He said we do not audit personal accounts and that any discrepancy you have with the dates and interest paid should be addressed to the bank wherever the account is held. Grant Thornton may be the auditor on account for the bank as a whole, but could not assist you with your personal account discrepancy.

Sorry I couldn't be of more assistance.

Sallie Scanlon  
 aka Scanlon  
 Office Coordinator  
 Grant Thornton LLP  
 101 California Street Suite 2700 | San Francisco, CA 94111 | United States  
 T +1 415 365 5487 F +1 415 896 3916  
 E [sallie.scanlon@us.gt.com](mailto:sallie.scanlon@us.gt.com) | [www.grantthornton.com](http://www.grantthornton.com)

1. Report is based on derived data; not primary data
2. Approximately 9 years (over 100 months) of data are excluded from calculations
3. Value reported is a loss of about \$47,000 from 2021 FAFSA value and about \$130,000 less that maximum calculation; NO contact information
4. Grant Thornton did not recognize the statement; making me question who made the statement; MPCT refuses to answer who authored it

# MPCT Substantively Does not Answer Questions

From: mpctquestions <mpctquestions@mdprepaidcollegetrust.com>  
Sent: Tuesday, January 10, 2023 3:00 PM  
To: MWOZAR@HOTMAIL.COM <MWOZAR@HOTMAIL.COM>  
Subject: Maryland Prepaid College Trust

Dear Mr Wozar:

MD529 is currently reviewing and prioritizing customers who complete the Request for Account Support Form. You can access the online version of the form here: [https://docs.google.com/forms/d/e/1FAIpQLSdYatvRU2sngYtUJ6HSM4WE2yf\\_7R\\_TFWEYFyxJRXuCSZtkA/viewform](https://docs.google.com/forms/d/e/1FAIpQLSdYatvRU2sngYtUJ6HSM4WE2yf_7R_TFWEYFyxJRXuCSZtkA/viewform)

Google Forms: Sign-in

Access Google Forms with a personal Google account or Google Workspace account (for business use).

[docs.google.com](https://docs.google.com)

For more information on completing the form or regarding the manual account reviews, please contact MD529 at 1-800-734-5382.

Thank you.

Maryland Prepaid College Trust

Dear Mr. Wozar,

I apologize for the frustration you are experiencing, but as I am not a member of the customer support or account services teams and have no access to account holder information, I am personally unable to provide assistance regarding your account. However, as you have stated that you completed and submitted the Request for Account Support form, a member of the Maryland 529 account services team will contact you.

I hope the following information is helpful in explaining the Request for Account Support process:

- At this time, and in an abundance of caution, Prepaid College Trust Tuition Plan accounts are being individually reviewed by outside certified public accountants based on a priority system to help confirm accuracy of calculations.
- The completion of the Request for Account Support Form puts the Prepaid College Trust Tuition Plan Account Holder in the queue for a manual or other review based on the assigned priority level - if you submitted your form, you are now in the queue.
- Upon completion of the manual review process (if applicable), the priority Account Holder will receive a MPCT Tuition Plan Manual Review Report and an explanation of next steps - including the actions the Account Holder may take on their MPCT Tuition Plan account.


The most recent updates on this issue can also be found on our website at <https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-FAQs/Interest-Calculation-FAQs>

If you have additional questions regarding your request for account support form, please direct them to: [mpctassistance.md529@maryland.gov](mailto:mpctassistance.md529@maryland.gov).

Sincerely,

**Michelle Winner**  
**Director of Marketing**  
Maryland 529  
217 E. Redwood Street  
Suite 1350  
Baltimore, MD 21202

RE: Re: Maryland 529

 MPCTQuestions@mdprepaidcollegetrust.com  
To: You

Start reply with:

Thank you for contacting **Maryland Prepaid College Trust**.

Your email has been received and has been sent to the appropriate department for review.

Sincerely,  
Maryland Prepaid College Trust

**Customer Engagement Center**  
1-888-463-4723, option 2  
**Hours of Operation**  
Monday – Friday  
8:00am – 5:00pm ET

All requests must be uploaded on your online access.

Since no formula was ever shared, I shared my calculations with MPCT and asked for discussion per requirement; I have been rebuffed

# MPCT's Hearing Testimony includes Untruths

48 minutes into the B&T Jan 24, 2023 hearing

- “No account holders have lost funds” is a distortion as the accounts have decreased by over \$130,000 and no one has substantively contacted me nor has the formula been provided
- In June of 2021, 17 years after the contract was agreed upon, the Board made a contractual amendments to rollover calculation and refund amount and calculation of the minimum benefit value...this change was done secretly and retroactively...many people earned interest as was previously shown
- “The increase to attributable earnings became effective November 1, 2021” is a misrepresentation of the truth as was shown earlier



# MPCT's Hearing Testimony includes Untruths (continued)

- MPCT quibble that account holders only “have access to principle contribution”...the earns have been removed for over a year
- He continues “The primary has not been materially impacted”
- The “correction”/”amended” formula has never been shared/reported...only the contribution/principle is accessible
- The manual accounting is problematic as was previously reported in the Maryland General Assembly audit
- Portal showed incorrect values for 4 to 6 months from November 2021 to April 2022...the portal showed the correct information before amendment
- MPCT, is not exempt form sovereign immunity; indeed, the EEE's own legal counsel stated that MPCT may be sued and/or investigated by Federal agencies like the SEC and/or FBI for crimes

# MPCT's Hearing Testimony includes Untruths (continued)

- MPCT did not mention Maryland 529 personnel also found 187 boxes of old business documents, some dating back 10 years or more, stored in the Maryland 529 records room for which required action had never been taken.
  - Assuming that one box holds 4,000 to 4,500 11 x 8.5 sheets of paper
  - If the contents of the boxes would be taken out and stacked landscape, the length of the paper would be so long as to blaze two-round trips from Annapolis to Baltimore
- MPCT did not mention high management and staff turnover
- MPCT did not mention “manually prepared calculations” are error prone and could be defeated by automation but MPCT refuse to provide calculations, especially for rollovers; MPCT refuse to provide account statuses when asked in writing

# MPCT's Hearing Testimony includes Untruths (continued)

<https://www.marylandmatters.org/2023/01/29/ahead-of-board-meeting-maryland-529-director-details-accounting-iss>

GOVERNMENT & POLITICS ENVIRONMENT HEALTH EDUCATION JUSTICE TRANSPORTATION WORK & THE ECONOMY

### Maryland 529 Prepaid College Trust accounting samples

| Amount account holder saw on 2018 year-end statement | Amount on 2019 year-end statement | Amount on 2020 year-end statement | Erroneous amount on 2021 statement |
|--|-----------------------------------|-----------------------------------|------------------------------------|
| 18,120.00  | 18,120.00                         | 18,120.00                         | 24,793.09                          |
| 27,133.00  | 27,133.00                         | 27,133.00                         | 35,983.16                          |
| 27,133.00  | 27,133.00                         | 27,133.00                         | 65,264.81                          |
| 31,324.00  | 31,324.00                         | 31,324.00                         | 37,510.77                          |
| 35,695.00  | 35,695.00                         | 35,695.00                         | 86,537.24                          |
| 41,280.00  | 41,280.00                         | 41,280.00                         | 94,536.58                          |
| 44,403.64  | 44,403.64                         | 44,403.64                         | 72,157.43                          |
| 44,160.00  | 44,160.00                         | 44,160.00                         | 84,762.04                          |
| 29,484.00  | 29,484.00                         | 29,484.00                         | 44,722.10                          |
| 21,724.00  | 21,724.00                         | 21,724.00                         | 39,882.03                          |
| 10,724.00  | 10,724.00                         | 10,724.00                         | 15,357.26                          |
| 10,674.00  | 10,674.00                         | 10,674.00                         | 16,228.50                          |
| 55,692.00  | 55,692.00                         | 55,692.00                         | 78,914.28                          |
| 53,646.00  | 53,646.00                         | 53,646.00                         | 80,286.17                          |
| 39,026.00  | 39,026.00                         | 39,026.00                         | 73,693.23                          |
| 27,160.00  | 27,160.00                         | 27,160.00                         | 51,812.54                          |
| 37,313.00  | 37,313.00                         | 37,313.00                         | 83,615.92                          |
| 17,264.00  | 17,264.00                         | 17,264.00                         | 33,267.12                          |
| 31,221.00  | 31,221.00                         | 31,221.00                         | 66,426.51                          |
| 31,184.00  | 31,184.00                         | 31,184.00                         | 84,135.36                          |
| 26,618.56  | 26,618.56                         | 26,618.56                         | 63,559.62                          |
| 55,692.00  | 55,692.00                         | 55,692.00                         | 89,149.91                          |
| 31,184.00  | 31,184.00                         | 31,184.00                         | 84,978.82                          |
| 42,300.00  | 42,300.00                         | 42,300.00                         | 88,482.94                          |
| 38,714.00  | 38,714.00                         | 38,714.00                         | 33,921.91                          |
| 26,030.00  | 26,030.00                         | 26,030.00                         | 25,542.98                          |
| 38,319.00  | 38,319.00                         | 38,319.00                         | 20,774.24                          |
| 33,177.00  | 33,177.00                         | 33,177.00                         | 33,333.02                          |

After reviewing Ahead of board meeting, Maryland 529 director details accounting issues in memo to lawmakers - Maryland Matters, (By William F. Zorzi January 29, 2023) I am troubled that I cannot reconcile the math accounted for accounts that was presented in testimony that had **NO INTEREST FOR TWO YEARS** and all ended in zeros.

# Maryland SB475...won't come to floor until 2025...leaving MPCT without funds for 2 more years

SB 475

Senator Klausmeier, et al

## WORKGROUP ON THE MARYLAND 529 PREPAID COLLEGE TRUST PROGRAM

Establishing the Workgroup on the Maryland 529 Prepaid College Trust Program; requiring the Workgroup to identify policies, procedures, and practices that led to issues relating to the earnings calculation formula and Maryland 529 account holders' inability to access their prepaid college trust benefits to pay for college expenses; requiring the Workgroup to develop and make recommendations for improvement in certain areas; and requiring the Workgroup to report its findings and recommendations on or before June 1, 2024.

EMERGENCY BILL

Assigned to: Education, Energy, and the Environment

The screenshot shows a web browser displaying the Maryland General Assembly website. The browser tabs include '4884.pdf', 'Mail - Mark Wozar - Outlook', 'Maryland general assembly sb47', and 'Legislation - SB0475'. The address bar shows the URL: <https://mgaleg.maryland.gov/mgawebsite/legislation/details/sb0475?ys=2023rs>. The website header features the Maryland General Assembly logo and name, along with a search bar and social media icons for Facebook, Twitter, YouTube, and MY MGA. A navigation menu includes links for MEMBERS, COMMITTEES, MEETINGS, LEGISLATION, BUDGET, LAWS, FLOOR ACTIONS, and SEARCH & ARCHIVES. The main content area displays the following information for SB475:

|                          |   |
|--------------------------|---|
| <b>Title</b>             | Workgroup on the Maryland 529 Prepaid College Trust Program   |
| <b>Sponsored by</b>      | Senators <a href="#">Klausmeier</a> , <a href="#">Augustine</a> , <a href="#">Brooks</a> , <a href="#">Carozza</a> , <a href="#">Elfreth</a> , <a href="#">Feldman</a> , <a href="#">Gallion</a> , <a href="#">Hershey</a> , <a href="#">Gile</a> , <a href="#">Kramer</a> , <a href="#">Rosapepe</a> , <a href="#">Guzzone</a> , <a href="#">Muse</a> , <a href="#">Ready</a> , <a href="#">Salling</a> , and <a href="#">Zucker</a>   |
| <b>Status</b>            | In the Senate - First Reading Education, Energy, and the Environment  |
| <b>Analysis Synopsis</b> | Establishing the Workgroup on the Maryland 529 Prepaid College Trust Program; requiring the Workgroup to identify policies, procedures, and practices that led to issues relating to the earnings calculation formula and Maryland 529 account holders' inability to access their prepaid college trust benefits to pay for college expenses; requiring the Workgroup to develop and make recommendations for improvement in certain areas; and requiring the Workgroup to report its findings and recommendations on or before June 1, 2024. |
| <b>Committees</b>        | Original:<br><a href="#">Education, Energy, and the Environment</a>   |
| <b>Details</b>           | Emergency Bill<br>Bill File Type: Regular   |

# 2013 Maryland Code

## COMMERCIAL LAW

### § 22-701 - Breach of contract; material breach

(a) Whether a party is in breach of contract is determined by the agreement or, in the absence of agreement, this title. A breach occurs if a party without legal excuse fails to perform an obligation in a timely manner, repudiates a contract, or exceeds a contractual use term, or otherwise is not in compliance with an obligation placed on it by this title or the agreement. A breach, whether or not material, entitles the aggrieved party to its remedies. Whether a breach of a contractual use term is an infringement or a misappropriation is determined by applicable informational property rights law.

(b) A breach of contract is material if:

(1) The contract so provides;

(2) The breach is a substantial failure to perform a term that is an essential element of the agreement;  
or

(3) The circumstances, including the language of the agreement, the reasonable expectations of the parties, the standards and practices of the business, trade, or industry, and the character of the breach, indicate that:

(A) The breach caused or is likely to cause substantial harm to the aggrieved party; or

(B) The breach substantially deprived or is likely substantially to deprive the aggrieved party of a significant benefit it reasonably expected under the contract.

1. Maryland Prepaid College Trust authored the contract as such Maryland Prepaid College Trust is held to its standard

2. Maryland has not in a timely manner met the contract term as it has previously thereby making a substantive failure to agreement deprive the contract holder a significant benefit, access to all funds (earnings and initial investment) for a college expenses

# Mail Fraud Defined

- 940. 18 U.S.C. SECTION 1341—ELEMENTS OF MAIL FRAUD
- "There are two elements in mail fraud: (1) having devised or intending to devise a scheme to defraud (or to perform specified fraudulent acts), and (2) use of the mail for the purpose of executing, or attempting to execute, the scheme (or specified fraudulent acts)." *Schmuck v. United States*, 489 U.S. 705, 721 n. 10 (1989); see also *Pereira v. United States*, 347 U.S. 1, 8 (1954) ("The elements of the offense of mail fraud under . . . § 1341 are (1) a scheme to defraud, and (2) the mailing of a letter, etc., for the purpose of executing the scheme."); Laura A. Eilers & Harvey B. Silikovitz, *Mail and Wire Fraud*, 31 *Am. Crim. L. Rev.* 703, 704 (1994) (cases cited).
- "Mail fraud is the illegal use of the postal system to cheat people out of their money"
- MPCT used the mail to state contribution and earnings statements to over 31,000 account holders but refuses to provide earnings even though the contract clearly states that the account holder will receive them when rolling over; MPCT admits to secretly and retroactively making contractual amendments and refuses to timely provide calculations

# Wire Fraud Defined

- The U.S. Department of Justice Criminal Resource Manual Section 941.18 U.S.C. 1343 cites these as the key elements of wire fraud: “1) that the defendant voluntarily and intentionally devised or participated in a scheme to defraud another out of money; 2) that the defendant did so with the intent to defraud; 3) that it was reasonably foreseeable that interstate wire communications would be used; and 4) that interstate wire communications were in fact used.”
- MPCT secretly and retroactively removed earnings from the calculation and disseminated the information over the Internet; MPCT does not provide formula nor substantively responds to calcification requests

# Obstruction of Justice Defined

- 18 U.S.C. § 1503 defines "obstruction of justice" as an act that "corruptly or by threats or force, or by any threatening letter or communication, influences, obstructs, or impedes, or endeavors to influence, obstruct, or impede, the due administration of justice."
- Obstruction of justice is defined as the offense of interfering with the administration or process of law in a criminal or civil matter; withholding key information or information; giving false testimony; or harming or intimidating a juror, witness, law enforcement officer or other official.
- The charge may also be brought against a person found to have altered and/or destroyed physical evidence, even if he or she was under no legal obligation to produce the evidence
- MPCT supplied dubious information MDGA; MPCT sent out "bank statements" without ~9 years of information, MPCT does not have contact information on account statements; MPCT has removed previous online account statements; MPCT does respond to calcification requests



# Potential Alternatives

- Do nothing...deny students their college dreams; break promises; condone theft as finances are not being shared and amendments are done in secret and made retroactive
- Provide students the funds to which they are entitled via line-of-credit no interest loan in the general budget; provide calculations to all MPCT accounts in contract order. MPCT states the funds are there but refuse to pay them; dictate that 1.6 times of the highest 2021 calculation for each student of college age (18 years old) or contract in good standing from 2009 or earlier may rollover
- All options cost the Maryland taxpayer nothing

# Recommendations

- Provide students the funds to which they are entitled via line-of-credit no interest loan in the general budget; MPCCT states the funds are there but refuse to pay them; dictate that 1.6 times of the highest 2021 calculation less monies paid for each student of college age (18 years old) or contract in good standing from 2009 or earlier may rollover
- Provide students a rate of 6% using a LOC no interest loan in the general budget
- Formula will be supplied after passage; 31,000 can be processed when years supplied for each account on one Excel workstation

# Recommendations (continued)

- No more than \$140 million dollars will be rolled over
- Money will be awarded in contract order (oldest contracts first)
- Invite SEC to conduct a forensic audit of books

# Contract's Definition of Newborn

## **Can I contribute to the Prepaid College Trust and a Coverdell Education Savings Account (formerly known as an Education IRA)?**

Federal tax law allows contributions to be made to both the College Savings Plans of Maryland and a Coverdell Education Savings Account for the same Beneficiary in the same tax year.

Please note: For certain contributions, including those from Series EE and Series I U.S. Savings Bonds, Coverdell Education Savings Accounts, and rollovers from other Section 529 plans, we require additional information from you. This information could include the original amount contributed and any associated earnings.

## **When can I enroll a newborn infant?**

Newborn infants can be enrolled anytime during the year from the date of their birth until their first birthday at prices that are in effect when the enrollment is completed. This means that prior to the start date of the 2004-2005 Enrollment Period, the prices in effect for newborns will be the prices of the 2003-2004 Enrollment Period. An enrollment is completed upon receipt of a completed Enrollment Form and the applicable Enrollment Fee.

## **What are the fees associated with the Prepaid College Trust?**

The operating expenses of the Prepaid College Trust are covered by 2.5% of Contract payments. In addition, each new Prepaid College Trust Account is charged a \$75 Enrollment Fee that must accompany your completed Enrollment Form. If you purchase additional years of Tuition for

the same Beneficiary, or open an Account for a Beneficiary for whom you already have a Maryland College Investment Plan account, you pay only a reduced Enrollment Fee of \$20. We must receive your Enrollment Fee before your Account can be opened. A complete Schedule of Administrative Fees can be found on page 7.

## **Can I accelerate my payments or pay off my account early?**

Yes, your payments may be accelerated. This can be done in one of two ways:

- 1) You may always pay more than your monthly or annual payment amount. This may lessen the number of monthly or annual payments you will have to make. This will not reduce the total amount of your payments.
- 2) You may reduce the total amount of your payments by making a single payment of at least 25% of the payoff amount.

An Account may also be paid in full at any time. To request your payoff amount, you may either send an e-mail request to: [mpct@collegesavingsmd.org](mailto:mpct@collegesavingsmd.org) or call our toll-free number, **1 888 4MD GRAD** and select option #2, then option #1, to speak with a representative.

# Contract's Article VII item 3 states 100% of earnings will transfer

## Unused Benefits Applied Toward Graduate Education at Eligible Institutions.

1. You must notify the Board in writing and at least two months in advance, that the Beneficiary will be attending graduate school.
2. Upon receipt of this notification, the Board will send you a Benefits claim form. The completed form must be returned to the Board with an invoice from the Eligible Institution.
3. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution.

## Unused Benefits Applied Toward Qualified Higher Education Expenses at Eligible Institutions.

1. No later than March of each year after a Beneficiary has begun using Benefits and has existing Benefits remaining in an Account, the Board will send you a confirmation form to reconfirm personal information about the Beneficiary.
2. Upon receipt of this form, the Board will send a Benefits claim form no earlier than June of the same year. This form must be returned to the Prepaid College Trust with an invoice from the Eligible Institution. This form will provide directions regarding the use of the Unused Benefits to pay for Qualified Higher Education Expenses.
3. If Unused Benefits are applied toward other Qualified Higher Education Expenses, such as room and board or books, the Board will pay up to the Weighted Average Tuition of the tuition plan purchased toward the Qualified Higher Education Expenses.
4. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution or reimburse the Account Holder, as appropriate.

## Article VII – Termination, Transfer and Refund

3. If (a) you fail to make the required payments or supply necessary information, (b) the maximum period in which Benefits can be used has expired, or (c) it is determined that either you or the Beneficiary has made any material misrepresentation related to the Contract, the Board in its sole discretion may terminate the Contract.

**Transfers to Other Eligible Programs.** Upon notification in writing to the Board, you may transfer the Account to another program intended to comply with Section 529 of the Internal Revenue Code. All transfers are subject to the Internal Revenue Code. If this Contract is less than 3 years old, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 75% of the Investment Earnings or losses realized on the contributions, less any administrative fees or Benefits used. If this Contract is over 3 years old, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions less any administrative fees or Benefits used.

**Transfers within the College Savings Plans of Maryland.** The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment Plan will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions, at the time the Account is transferred, regardless of how long the Contract has been in effect.

### Refund.

Refunds are only given at the written request of the Account Holder, with an original signature, for a specific year(s) under the following circumstances:

1. Death or Disability of the Beneficiary.
  - 1.1 Beneficiary Enrolled at Eligible Institution. The refund will be the amount that would have otherwise been paid directly to the Eligible Institution.
  - 1.2 Beneficiary Not Enrolled at Eligible Institution. If the Beneficiary

# Parts of a contract

- The three elements required to create a legal contract are offer, acceptance and consideration, which means the exchange of something of value. In order for a contract to be binding, there must first be an offer. The party who initiates the contract is called the offeror and presents a proposal outlining certain terms.
- 17 years after the contract MPCT changes “amends” the contacts' terms in secret and retroactively

# Maryland Law on Contract Consideration

Under Maryland Commercial Law Article, Section 3-303(b), consideration is defined as any consideration sufficient to support a simple contract. Like many states, Maryland courts will not get bogged down in how valuable the consideration was or whether the deal is fair. So unless there is foul play, Maryland courts will not inquire into the adequacy of value exacted for a promise so long as it has some value. *Blumenthal v. Heron*, 261 Md. 234, 274 A.2d 636 (1971). Even \$1 in consideration may be sufficient to form a contract under Maryland law.

# Andrew Wozar's Account Paid in Full before First Year

Mail - Mark Wozar - Outlook | maryland prepaid college trust - | Select Your Plan | Transactions - Maryland 529

https://access.mdprepaidcollegetrust.com/YourPlans/TransactionHistory

My Accounts

Account Details

Payment History

## Payment History

Select an Account

ANDREW WOZAR: Prepaid - 4004003982 - Paid in Full - Four Year/8 Sem

Andrew Wozar

Phone Number (Landline)

Mailing Address

Account Number 4004003982

Account Status Paid in Full

Product Type Four Year/8 Sem

No Account Holder's Successor Listed

### Payment History

Excel Export PDF Export CSV Export

| Transaction Date | Transaction Type | Amount Received | Plan Amount  |
|------------------|------------------|-----------------|--------------|
| 8/26/2005        | Payment          | \$26,483.85     | -\$26,483.85 |
| 3/3/2005         | Fee Assess       | -\$75.00        | \$0.00       |
| 3/2/2005         | Payment          | \$4,230.00      | -\$4,230.00  |
| 10/27/2004       | Payment          | \$2,575.00      | -\$2,500.00  |

1 10 Items per page 1 of 1 pages (4 items)



# Annual Statements 2009 and 2012

## FAFSA values accessed via web

### OFFERS THE SECURITY OF A LEGISLATIVE GUARANTEE

February 26, 2010

Mr Mark R Wozar [15-17-2763]

123456789012345678901234567890123456

This annual statement of account reflects your financial information as of December 31, 2009.

|                            |                           |
|----------------------------|---------------------------|
| Account Holder:            | Mr Mark R Wozar           |
| Beneficiary:               | Andrew Wozar              |
| Account Number:            | 4003982                   |
| Tuition Plan:              | University Plan - 4 Years |
| Projected Enrollment Year: | 2021                      |

#### Contract Payment Status

|                                    |              |
|------------------------------------|--------------|
| Contract payments received in 2009 | \$ 0         |
| Contract payments received to date | \$ 33,213.85 |
| Total contract amount              | \$ 33,213.85 |
| Fees paid                          | \$ 75        |
| Late fees due                      | \$ 0         |
| Returned check fees due            | \$ 0         |
| Other administrative fees due      | \$ 0         |

#### Tuition Years as of 12/31/09

|            |   |
|------------|---|
| Years Paid | 4 |
| Years Used | 0 |

This section shows how many years (or parts of years) you have paid for as of December 31, 2009. Please note that 2 years of the Community College Plan equals approximately 1 Tuition Year.

This is a statement of financial information and is not to be attached to your tax forms, but kept for your records. If you have any questions regarding State tax advantages of this account, you may call 1-800-MD-TAXES.

If you plan to complete the Free Application for Federal Student Aid (FAFSA), please note that Prepaid College Trust accounts are to be reported using the Account Value, which you can access online at [www.collegesavingsmd.org](http://www.collegesavingsmd.org) in the "Account Summary" section. For further information regarding federal financial aid treatment, please access the "Account Holder FAQs" section of our website.

If you have any questions concerning this account, please contact us toll free at 1-888-4MD-GRAD. We will be pleased to assist you in any way possible.

The College Savings Plans of Maryland Board

217 E. Redwood Street | Suite 1350 | Baltimore, Maryland 21202 | Toll Free: 1.888.4MD.GRAD | Fax: (410) 333.2295  
TTY Maryland Relay: 1.800.735.2258 | [www.collegesavingsmd.org](http://www.collegesavingsmd.org) | E-mail: [accounts@collegesavingsmd.org](mailto:accounts@collegesavingsmd.org)



COLLEGE SAVINGS  
PLANS OF MARYLAND

Maryland Prepaid College Trust

March 11, 2013

Mr Mark R Wozar

123456789012345678901234567890123456

This annual statement of account reflects your financial information as of December 31, 2012.

|                            |                           |
|----------------------------|---------------------------|
| Account Holder:            | Mr Mark R Wozar           |
| Beneficiary:               | Andrew Wozar              |
| Account Number:            | 4003982                   |
| Tuition Plan:              | University Plan - 4 Years |
| Projected Enrollment Year: | 2021                      |

#### Contract Payment Status

|                                    |             |
|------------------------------------|-------------|
| Contract payments received in 2012 | \$0.00      |
| Contract payments received to date | \$33,213.85 |
| Total contract amount              | \$33,213.85 |
| Fees paid                          | \$75.00     |
| Late fees due                      | \$0.00      |
| Returned check fees due            | \$0.00      |
| Other administrative fees due      | \$0.00      |

#### Tuition Years as of 12/31/12

|            |      |
|------------|------|
| Years Paid | 4.00 |
| Years Used | 0.00 |

This section shows how many years (or parts of years) you have paid for as of December 31, 2012. Please note that 2 years of the Community College Plan equals approximately 1 Tuition Year.

This is a statement of financial information and is not to be attached to your tax forms, but kept for your records. If you have any questions regarding State tax advantages of this account, you may call 1-800-MD-TAXES.

If you plan to complete the Free Application for Federal Student Aid (FAFSA), please note that Prepaid College Trust accounts are to be reported using the Account Value, which you can access online at [www.collegesavingsmd.org](http://www.collegesavingsmd.org) in the "Account Summary" section. For further information regarding federal financial aid treatment, please access the "Account Holder FAQs" section of our website.

If you have any questions concerning this account, please contact us toll free at 1-888-4MD-GRAD. We will be pleased to assist you in any way possible.

The College Savings Plans of Maryland Board

# Andrew's 2021 Annual Statement with FAFSA value over \$85,000

Mail - Mark Wozar - Outlook x | maryland prepaid college tru x | Select Your Plan x | Show Documents - Maryland x | ShowDocument x | + -

https://access.mdprepaidcollegetrust.com/Documents/ShowDocument?DocumentID=UzNEj3IOcZCNMdnPlz0Raw==

|                        |                                  |                                     |   |
|------------------------|----------------------------------|-------------------------------------|---|
| <b>BENEFITS</b>        | 8.000                            |                                     |   |
| <b>ACCOUNT NUMBER:</b> | <b>BENEFICIARY:</b>              | <b>ACCOUNT HOLDER'S SUCCESSOR:</b>  |   |
| 4004003982             | ANDREW WOZAR                     | NOT ON FILE                         |   |
| <b>PRODUCT</b>         | <b>PRODUCT TYPE:</b>             | <b>PAYMENT OPTION:</b>              | <b>PROJECTED COLLEGE ENROLLMENT YEAR:</b> |
|                        | Four Year/8 Sem                  | 10 Year Annual                      | 2021                                      |
| <b>FINANCIALS</b>      | <b>PURCHASE PRICE:</b>           | <b>PAYMENTS RECEIVED:</b>           | <b>BALANCE REMAINING:</b>                 |
|                        | \$33,213.85                      | \$33,213.85                         | \$0.00                                    |
|                        | <b>SCHEDULED PAYMENT AMOUNT:</b> | <b>EARLY PAYOFF DISCOUNT:</b>       | <b>TOTAL FEES DUE:</b>                    |
| \$4,230.00             | \$0.00                           | \$0.00                              |   |
|                        | <b>FAFSA REPORTING VALUE*:</b>   | <b>CURRENT TAX YEAR PAYMENTS**:</b> |   |
|                        | \$86,771.28                      | \$0.00                              |   |
| <b>BENEFITS</b>        | <b>SEMESTERS AVAILABLE:</b>      |                                     |   |
|                        | 8.000                            |                                     |   |

THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

\*FAFSA VALUES REPRESENT THE "REFUND VALUE" TO BE USED WHEN REPORTING PREPAID TUITION PLANS AS AN ASSET OF THE PARENT ON THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA). FOR MORE INFORMATION, PLEASE SEE THE FAFSA LINK ON THE PREPAID BENEFITS PAGE WHEN YOU ACCESS YOUR ACCOUNT ONLINE.

\*\* MARYLAND TAXPAYERS CAN DEDUCT UP TO \$2,500.00 PER ACCOUNT FROM THEIR MARYLAND STATE INCOME FOR PAYMENTS THEY MADE IN THAT CALENDAR YEAR. PAYMENTS IN EXCESS OF \$2,500.00 PER ACCOUNT CAN BE DEDUCTED IN FUTURE YEARS UNTIL THE FULL NUMBER OF PAYMENTS HAS BEEN DEDUCTED. CONSULT WITH A TAX PROFESSIONAL REGARDING QUESTIONS RELATING TO YOUR SPECIFIC CIRCUMSTANCES.

# Andrew's 2022 Annual Statement

|                                      |  |  |   |
|--------------------------------------|--|--|---|
| 8.000                                |  |  |   |
| <b>ACCOUNT NUMBER:</b><br>4004003982 |  | <b>BENEFICIARY:</b><br>ANDREW WOZAR      | <b>ACCOUNT HOLDER'S SUCCESSOR:</b><br>NOT ON FILE |
| <b>PRODUCT</b>                       | <b>PRODUCT TYPE:</b><br>Four Year/8 Sem        | <b>PAYMENT OPTION:</b><br>10 Year Annual | <b>PROJECTED COLLEGE ENROLLMENT YEAR:</b><br>2021 |
| <b>FINANCIALS</b>                    | <b>PURCHASE PRICE:</b><br>\$33,213.85          | <b>PAYMENTS RECEIVED:</b><br>\$33,213.85 | <b>BALANCE REMAINING:</b><br>\$0.00               |
|                                      | <b>SCHEDULED PAYMENT AMOUNT:</b><br>\$4,230.00 | <b>EARLY PAYOFF DISCOUNT:</b><br>\$0.00  | <b>TOTAL FEES DUE:</b><br>\$0.00                  |
|                                      | <b>CURRENT TAX YEAR PAYMENTS**:</b><br>\$0.00  |  |   |
| <b>BENEFITS</b>                      | <b>SEMESTERS AVAILABLE:</b><br>8.000           |  |   |

THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

\*\* MARYLAND TAXPAYERS CAN DEDUCT UP TO \$2,500.00 PER ACCOUNT FROM THEIR MARYLAND STATE INCOME FOR PAYMENTS THEY MADE IN THAT CALENDAR YEAR. PAYMENTS IN EXCESS OF \$2,500.00 PER ACCOUNT CAN BE DEDUCTED IN FUTURE YEARS UNTIL THE FULL NUMBER OF PAYMENTS HAS BEEN DEDUCTED. CONSULT WITH A TAX PROFESSIONAL REGARDING QUESTIONS RELATING TO YOUR SPECIFIC CIRCUMSTANCES.

# 187 Boxes of Unprocessed Business Documentation

## Discovery of Unopened and Unprocessed Documents

After the resignation and termination of the CEO and CFO in May 2015, respectively, STO personnel discovered numerous old business documents in the

11

former CFO's office and in the Maryland 529 mailroom, including unopened and undelivered mail. STO personnel advised us that these old business documents were subsequently provided to Maryland 529 personnel for investigation and resolution. Around the same time, Maryland 529 personnel also found 187 boxes of old business documents, some dating back 10 years or more, stored in the Maryland 529 records room for which required action had never been taken. We were advised that Maryland 529 personnel conducted an investigation of all of these found documents, which lasted approximately three to four months. The aforementioned participation of STO personnel in the discovery of old business documents, as well as the provision of certain STO personnel during the period of management turnover occurred because of the State Treasurer's position on the Maryland 529 Board.

STO and Maryland 529 management personnel presented information to the Maryland 529 Board in May and August of 2015, respectively, as to documents that STO and Maryland 529 personnel had discovered in the aforementioned Maryland 529 locations. The following is a partial list describing documents found either by STO or Maryland 529:

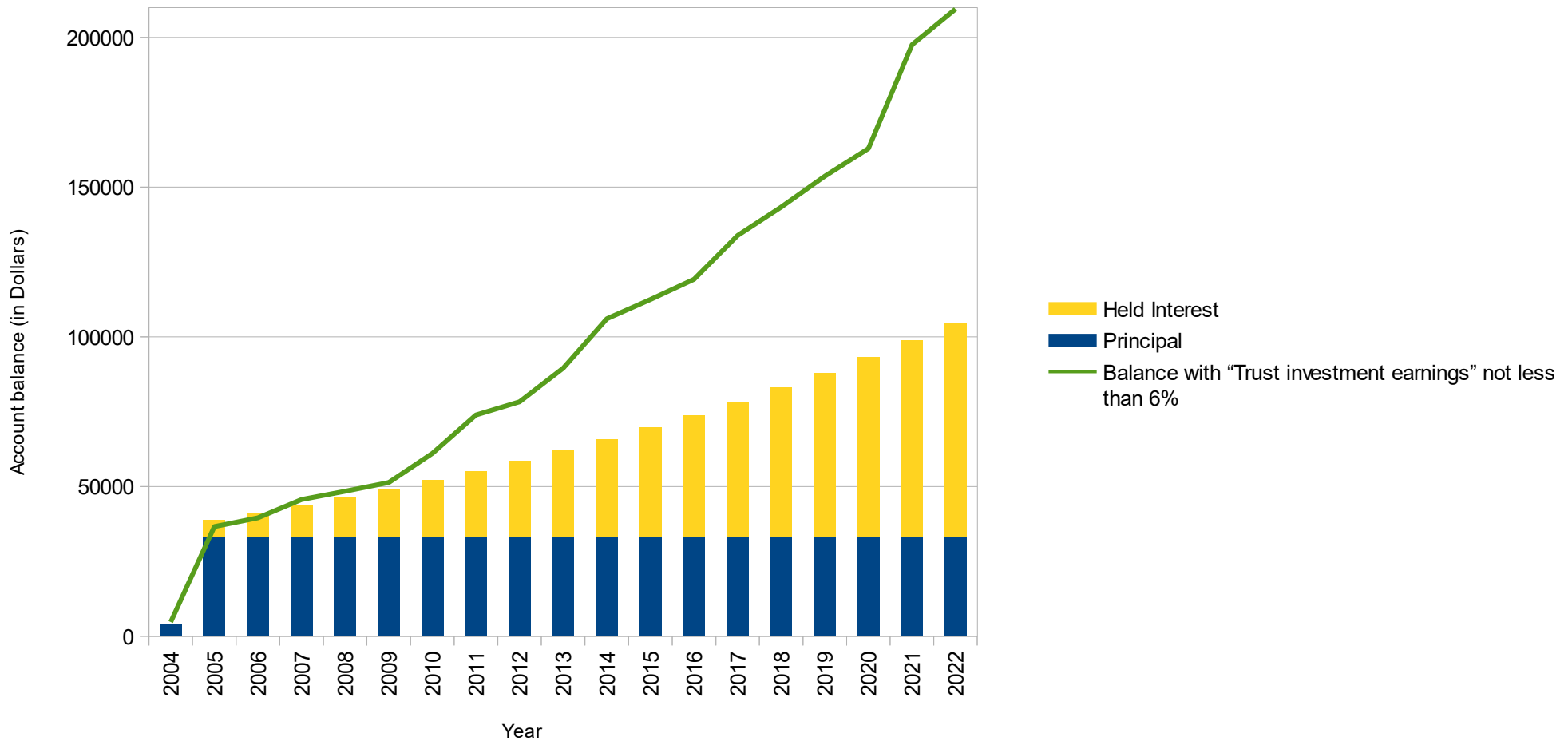
that STO and Maryland 529 personnel had discovered in the aforementioned Maryland 529 locations. The following is a partial list describing documents found either by STO or Maryland 529:

- Documentation of disbursement transactions, totaling approximately \$4.3 million, that had never been recorded in or had been improperly recorded in Maryland 529's records
- Unopened and undelivered mail dating back at least 10 years
- Undeposited checks totaling \$14,000 dating back to October 2007
- Disbursement checks for individual amounts up to \$28,000 prepared but never sent to account holders dating back to August 2008
- Unprocessed refund requests dating back to April 2014
- Unpaid invoices and delinquency notices from collection agencies
- Unresolved correspondence and other transactions, such as change in beneficiary forms
- Incomplete reconciliations of critical records, such as reconciliations of Maryland 529 records to the corresponding bank records
- Documentation of overpayments to account holders totaling approximately \$200,000

## Discovery of Unknown Bank Account

The review of these discovered documents also uncovered the existence of a bank account, which we were advised was previously unknown to Maryland 529 personnel and the Board. The account, which reflected a balance of approximately \$15 million as of June 2015, was determined to be used for the deposit of certain administrative fees received from the private investment company responsible for managing the Maryland College Investment Plan

# Additional Interest Valuations



Assuming that 6% is the hard deck and variable continue as previous Andrew's initial investment and earnings exceed \$200,000

## **Gain all earnings as defined in multiple Maryland state 529 contracts**

Mark Wozar, a concerned parent, trying to gain access to all of contracted funds, to include earnings and contributions, from MPCT as per 18 years of contracts and compound interest via legislative action as MPCT has retroactively and secretly removed access to over \$130,000 to \$340,000 earnings from my MPCT accounts (that are "earmarked" for his sons' college funds) and continually refuse to communicate with me and others but MPCT, after having been cited for "bad" actives by the Maryland General Assembly. I hope this body acts to create a working group to resolve this the formulaic issue; I table previous discussion points until that working group completes. I also ask to be part of the working group so account holders will have their funds. It is my hope that the working group may increase transparency via mathematical formula that may provide clarity to this issue. Clarity on this issue will demonstrate how much each contract holder is owed and the programs total obligation so this body will know how much to appropriate to be inline with the legislative guarantee.

# Current Situation

**Disclaimer:**  
This Report is based on account and transactional data provided from the Intuition platform.

| Change in Balance | Applicable Rate | Earnings Adjustment | Balance   |
|-------------------|-----------------|---------------------|-----------|
| 2,433.60          | 0.92%           | 2.09                | 2,435.69  |
| -                 | 1.03%           | 2.64                | 2,438.33  |
| -                 | 1.47%           | 3.58                | 2,441.91  |
| -                 | 1.66%           | 4.05                | 2,445.96  |
| 4,120.35          | 1.66%           | 6.50                | 6,552.81  |
| -                 | 1.81%           | 10.01               | 6,575.05  |
| -                 | 2.00%           | 11.53               | 6,586.58  |
| -                 | 2.12%           | 11.64               | 6,598.20  |
| -                 | 2.17%           | 11.75               | 6,609.91  |
| -                 | 2.16%           | 11.90               | 6,621.81  |
| -                 | 2.44%           | 13.46               | 6,635.27  |
| 20,817.85         | 2.44%           | 32,493.52           | 32,493.52 |
| -                 | 2.67%           | 72.21               | 32,525.33 |
| -                 | 2.65%           | 74.83               | 32,597.55 |
| -                 | 2.98%           | 80.95               | 32,678.50 |
| -                 | 3.13%           | 85.24               | 32,763.34 |
| -                 | 3.15%           | 86.00               | 32,849.34 |
| -                 | 3.25%           | 88.87               | 32,938.21 |
| -                 | 3.48%           | 95.52               | 33,033.73 |
| -                 | 3.57%           | 98.28               | 33,132.01 |
| -                 | 3.70%           | 102.18              | 33,234.19 |
| -                 | 3.80%           | 105.24              | 33,339.43 |

**Minimum Benefit Remaining (\$):** \$ 39,071.19

**Semesters Remaining (#):** 8.00

**FAFSA REPORTING VALUE\*:** \$86,771.28

- 8/15/2008
- 9/15/2008
- 10/15/2008
- 11/15/2008
- 8/15/2017
- 9/15/2017
- 10/15/2017

1. Report is based on derived data; not primary data 2. Approximately 9 years (over 100 months) of data are excluded from calculations

3. Value reported is a loss of about \$47,000 from 2021 FAFSA value and about \$130,000 less than maximum calculation; NO contact information

4. Grant Thornton did not recognize the statement; making me question who made the statement; MPCT refuses to answer who authored it

Being that the report is from derived sources prone to errors. For example

- (1) Interest rates changed from a fixed rate of at least 6% as was guaranteed per Board's 1 Nov 2021 change
- (2) Removing over 100 months from the accrual rate,

No PoC to answer questions, like a over 50%, or NOT providing the Excel spreadsheets does not increase transparency and negatively impacts confidence especially when contract provisions are in dispute.

## Contract Provisions

- The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment plan will equal the equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions at the time Account's is transferred ” (Article VII, item 3)
- Article IV Benefits – Calculations “The Board may develop other methods for the calculation of Benefit...No such calculation may adversely alter the fundamental rights and obligations of the contract”

Article VII, item 3, states that 100% of the investment earnings or losses realized at the time Account is transferred

Article IV, states, the Board may not adversely impact fundamental rights of the contract



## Contract Provisions (continued)

“Article IX – General Provisions” section “Changes to Contract.” (November 2003 - March 19, 2004 Contract), which states, in part “The Board may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if the Board determines it is in the College Savings Plan of Maryland and/or the Prepaid College Trust's best interest to do so. However, the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary except to the extent necessary to ensure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the College Savings Plans of Maryland or the Prepaid College Trust. The Board will promptly notify you of such amendments”

Article IX states “the Board will not retroactively modify existing Contract provisions in a manner adverse to you”

## Original forecasts which turned out to be true but were changed

- Per Audit MPCT is now purposefully conducting “a documented evaluation of the methodology it uses for calculating refund and rollover payments, including consideration of methodologies used by other states, to ensure that rollover and refund payments are not excessive” breaking existing contracts
- Even after the audit found interests calculations were “overcompensating” some, MPCT still provided rollovers, but since migrating out of Maryland no interest is being promised

Per the 2019 Maryland General Assembly Audit, MPCT was fulfilling the contract terms but to person or persons unknown those terms were “overcompensating” especially when compared to other states

## Original forecasts which turned out to be true but were changed (continued)

- Indeed, “In total, incorrect values were shown for approximately 4-6 months between November 2021 and April 2022,” Savia said; previous statements are correct and since inception rate is to be used for all calculations until May 2021 and then after November 2021, leaving only 6 months in flux.
- Per SEC regulations and Sarbanes-Oxley electronic records are to be accessible for years

Mr. Savia stated that previous numbers, except for 4 to 6 month, all previous years were correct, but they under the new calculations were changed or removed.

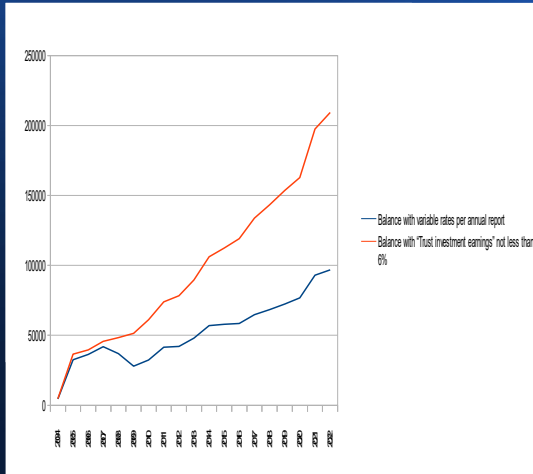
This could be reified if previous statements were pulled in but they have been removed possibly violating SEC rules.

## Original forecasts which turned out to be true but were changed (continued)

- MPCT admits that “earnings increase at the rate of 6% per year”
- MPCT admits earnings will be at least 6% when no “distribution for Tuition prior to November 1, 2021”
- MPCT stated that every month would be included interest calculation
- MGA audit clearly states “Under Maryland 529's current methodology, interest earnings for each year were calculated...using a 'since inception rate”

With a new no lower than 6% per Mr. Savia, the earnings and loses statement in Article VI, item is replaced on the down side but the uptick remains on monthly increments since inception

# Contractual Amount Due



| Year | Principal   | 6% for each year | Balance with variable rates per annual report | variable rates per annual report using "Trust investment earnings" | Balance with "Trust investment earnings" not less than 6% |
|------|-------------|------------------|---|--|---|
| 2004 | \$4,230.00  | \$4,483.80       | \$4,600.13                                    | \$4,788.36   | \$4,788.36  |
| 2005 | \$33,213.85 | \$35,475.71      | \$36,220.18                                   | \$36,609.08  | \$36,609.08   |
| 2006 | \$33,214.85 | \$37,604.25      | \$40,385.50                                   | \$39,537.80  | \$39,537.80   |
| 2007 | \$33,215.85 | \$39,860.51      | \$46,645.26                                   | \$45,666.16  | \$45,666.16   |
| 2008 | \$33,216.85 | \$42,252.14      | \$41,080.48                                   | \$43,017.52  | \$48,406.13   |
| 2009 | \$33,217.85 | \$44,787.27      | \$31,221.16                                   | \$33,123.49  | \$51,310.50   |
| 2010 | \$33,218.85 | \$47,474.50      | \$36,066.69                                   | \$39,416.96  | \$61,059.49   |
| 2011 | \$33,219.85 | \$50,322.97      | \$46,165.36                                   | \$47,694.52  | \$73,881.99   |
| 2012 | \$33,220.85 | \$53,342.35      | \$46,765.51                                   | \$48,457.63  | \$78,314.91   |
| 2013 | \$33,221.85 | \$56,542.89      | \$53,452.98                                   | \$55,387.07  | \$89,513.94   |
| 2014 | \$33,222.85 | \$59,935.46      | \$63,395.23                                   | \$65,633.68  | \$106,074.02  |
| 2015 | \$33,223.85 | \$63,531.59      | \$64,358.84                                   | \$67,222.01  | \$112,438.46  |
| 2016 | \$33,224.85 | \$67,343.49      | \$65,105.40                                   | \$66,751.46  | \$119,184.76  |
| 2017 | \$33,225.85 | \$71,384.10      | \$72,039.13                                   | \$74,961.89  | \$133,844.49  |
| 2018 | \$33,226.85 | \$75,667.14      | \$76,022.89                                   | \$80,284.18  | \$143,347.45  |
| 2019 | \$33,227.85 | \$80,207.17      | \$80,599.47                                   | \$86,064.65  | \$153,668.47  |
| 2020 | \$33,228.85 | \$85,019.60      | \$85,435.44                                   | \$90,970.33  | \$162,888.57  |
| 2021 | \$33,229.85 | \$90,120.78      | \$103,376.88                                  | \$110,347.01   | \$197,583.84  |
| 2022 | \$33,230.85 | \$95,528.02      | \$107,770.39                                  | \$115,036.76   | \$209,438.87  |

Since no formula was ever shared, I shared my calculations with MPC1 and asked for discussion per requirement; nothing under 6% impacts bottom line

When the contract provisions and the Board's new formula are applied with all months factored in Andrew's account value is in excess of \$200,000.

My formula have been provided to this committee and 529.

I hope that I may be part of the solution as a member of the working group. Thank you for your time.

# Appendix

# Development up to present

Calculation FAQs x 4004003982-Wozar.pdf x New tab x +

https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-Earnings-Calculation-Updates/Calculation-FAQs

FAQs Contact Us Give a Gift Log In Open an Account

Maryland529

529 Basics Investment Plan Prepaid Plan Account Holders About Us In the Community

Why would Account Holder's Account page show different amounts from what it should have been under the Plan Disclosure Statement? +

If I already rolled over principal, will Maryland 529 pay interest on earnings that are being held in the Account? +

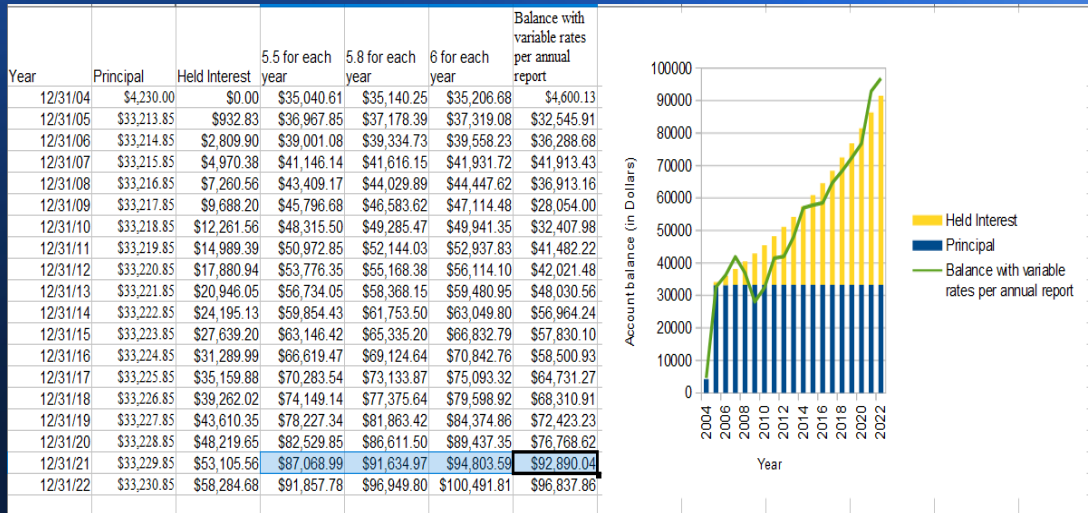
How are Operating Expenses applied? +

How are earnings calculated for Accounts in existence on October 31, 2021? -

If you made contributions prior to November 1, 2021, the earnings increase at the rate of 6% per year, compounded monthly. These contributions continue to earn at the 6% rate. However, if funds that were contributed prior to November 1, 2021, were also distributed for Tuition prior to November 1, 2021, the funds attributable to the earlier distributions are not entitled to the new earnings rate – rather they would have received the rate in effect under the Plan at the time of that distribution. The new rate is applicable to the balance of pre-November 1, 2021 contributions still in your account as of that date. If you made contributions to your plan after November 1, 2021, you will earn a rate that is set annually based on the 10-year Treasury Note.

1. MPCT admits that “earnings increase at the rate of 6% per year”
2. MPCT admits earnings will be at least 6% when no “distribution for Tuition prior to November 1, 2021”

# Development up to present (continued)



Since no formula was ever shared, I shared my calculations with MPCT and asked for discussion per requirement; Andrew's been rebuffed



# Development up to present (continued)

| Year | Annual reported interest | Multiplication value based on Contract modification clause | Source ( <a href="https://maryland529.com/About-Us/Annual-Reports">https://maryland529.com/About-Us/Annual-Reports</a> )  |
|------|--------------------------|--|---|
| 2004 | 13.2000%                 | 13.2000%   | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2004/2004-AR-FINAL.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2004/2004-AR-FINAL.pdf</a> "The Prepaid College Trust's investments earned an overall return of 13.2% during fiscal year 2004"                         |
| 2005 | 8.4000%                  | 8.4000%  | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2005/2005-AR-FINAL.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2005/2005-AR-FINAL.pdf</a> "The Prepaid College Trust's investments produced an overall rate of 8.40%"   |
| 2006 | 8.0000%                  | 8.0000%  | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2006/2006-AR-FINAL.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2006/2006-AR-FINAL.pdf</a> "The Prepaid College Trust's investments produced an overall return of 8.0% during Fiscal Year 2006"                        |
| 2007 | 15.5000%                 | 15.5000%   | <a href="https://maryland529.com/Portals/0/Files/AnnualReports/2007/2007-AR-FINAL.pdf">https://maryland529.com/Portals/0/Files/AnnualReports/2007/2007-AR-FINAL.pdf</a> "The Trust's investments produced an overall return of 15.5% during fiscal year 2007"                                       |
| 2008 | -5.8000%                 | 6.0000%  | "The primary reason for this decline is that the Trust's investments produced an overall loss of 5.8%"<br><a href="file:///C:/Andrew/College/CSP_AR09_FINAL.pdf">file:///C:/Andrew/College/CSP_AR09_FINAL.pdf</a> "For the fiscal year, investments in the Prepaid College Trust declined by 20.4%" |
| 2009 | -20.4000%                | 6.0000%  | CSPMD_current_annual_report_summary_2010.pdf "This increase was primarily due to the 14.0% return on the Trust's investments for the period"  |
| 2010 | 14.0000%                 | 14.0000%   | CSPMD_Annual_Report_Summary_2011.pdf "This increase was primarily due to the 21.0% return on the Trust's investments for the period"  |
| 2011 | 21.0000%                 | 21.0000%   | CSPMD_Annual_Report_Summary_2012.pdf "This increase was negatively impacted by the 1.6% return on the Trust's investments for the period"   |
| 2012 | 1.6000%                  | 6.0000%  | CSPMD_Annual_Report_Summary_2013.pdf "This is nearly a 20% increase in investments over the past fiscal year."  |
| 2013 | 19.0000%                 | 19.0000%   | CSPMD_Annual_Report_Summary_2014.pdf "Investments in the Maryland Prepaid College Trust earned about 18.5%."  |
| 2014 | 18.5000%                 | 18.5000%   | MD529_AR_2015_FINAL_.pdf "Investments in the Maryland Prepaid College Trust earned approximately 2.42%"   |
| 2015 | 2.4200%                  | 6.0000%  | "Investments in the Maryland Prepaid College Trust were relatively flat for the fiscal year with a - 0.7% return with the investment."  |
| 2016 | -0.7000%                 | 6.0000%  |   |

Since no formula was ever shared, I shared my calculations with MPCT and asked for discussion per requirement; nothing under 6% impacts bottom line

# The Present Situation

- Four days after my son, Andrew, was born (in 2004) his MPCT account was opened; his “newborn” contract included:
  - MARYLAND LEGISLATIVE GUARANTEE: “Your investment comes with peace of mind. Maryland law provides that in the event that funds in the Trust are insufficient to pay full Benefits in any given year, the Governor shall include an amount in the following year’s State budget to fully pay Benefits, subject to the Maryland General Assembly’s final approval.”
  - “The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment plan will equal the equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions at the time Account’s is transferred ” (Article VII, item 3; Appendix cross referenced)
  - Article IV Benefits – Calculations “The Board may develop other methods for the calculation of Benefit...No such calculation may adversely alter the fundamental rights and obligations of the contract”
  - Article VII number 3 discusses “Termination, Transfer and Rollover”
- Within a year his account was paid in full
- ~9 years (over 100 consecutive months) have been excluded from earnings calculations
- Maryland Prepaid College Trust refuses to answer questions

## The Present Situation (continued)

“Beginning November 1, 2021 and first reflected in the actuarial valuation results as of June 30, 2021, the same interest crediting will be used in calculations performed for the Minimum Benefit, rollovers and refunds. Interest will be credited through October 31, 2021 on account balances at the Trust since inception rate of return as of June 30, 2021 (6.00 percent). Interest credited after October 31, 2021 will be based on the 10-year..”

## The Present Situation (continued)

It does not supersede "Article IX – General Provisions" section "Changes to Contract." (November 2003 - March 19, 2004 Contract), which states, in part "The Board may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if the Board determines it is in the College Savings Plan of Maryland and/or the Prepaid College Trust's best interest to do so. However, the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary except to the extent necessary to ensure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the College Savings Plans of Maryland or the Prepaid College Trust. The Board will promptly notify you of such amendments"

# The Present Situation (continued)

- Annual statements year after year documented Andrew's contributions and earnings (Appendix)

Note 1: Previous years (2004 to 2021) listed full account values (contributions and earnings)

- Until 2021 contributions and earnings were only accessible on web
- Annual statements prior to 2021 are not longer retrievable on web

Note 2: 2021 annual statement reported FAFSA value was in excess of \$85,000

Note 3: 2023 statement reported minimum value \$39,203 and NO max value

- 2022 annual statement reported no FAFSA value

## The Present Situation (continued)

- Maryland General Assembly presents unfavorable MPCT report
- MPCT admits to “calculation error” but does not say what it is, provides a remediation time table
- MPCT does not state nor post “proper” calculation
- MPCT does not substantially respond to requests for calcification
- MPCT does not deny it amends its calculation in secret and admits does not provide a timetable for account holders to know their balances
- MPCT states the calculation error was one year only but overturns decades of account statements without stating why

## The Present Situation (continued)

The following is a partial list describing documents found either by STO or Maryland 529:

- Documentation of disbursement transactions, totaling approximately \$4.3 million, that had never been recorded in or had been improperly recorded in Maryland 529's records
- Unopened and undelivered mail dating back at least 10 years
- Undeposited checks totaling \$14,000 dating back to October 2007
- Disbursement checks for individual amounts up to \$28,000 prepared but never sent to account holders dating back to August 2008
- Unprocessed refund requests dating back to April 2014

## The Present Situation (continued)

- Unpaid invoices and delinquency notices from collection agencies
- Unresolved correspondence and other transactions, such as change in beneficiary forms
- Incomplete reconciliations of critical records, such as reconciliations of Maryland 529 records to the corresponding bank records
- Documentation of overpayments to account holders totaling approximately \$200,000
- The review of these discovered documents also uncovered the existence of a bank account. The account, which reflected a balance of approximately \$15 million as of June 2015, was determined to be used for the deposit of certain administrative fees received from the private investment company responsible for managing the Maryland College Investment Plan (MCIP).
- Maryland 529 management personnel identified certain irregularities attributed to a former Maryland 529 employee's personal Maryland 529 accounts.



## The Present Situation (continued)

- MPCT representatives distort facts in hearings
- Maryland General Assembly was provided a DRAFT bill to rectify the situation and condones the act as they have done nothing
- Maryland General Assembly does not have solution scheduled to be heard (let alone rectified) until January 2025
- Maryland General Assembly legal counsel have been notified that SEC has been contacted
- SEC has an open file number on the situation (01281070)

## Development up to present

- Current calculations have never been and are currently not being shared
- Original forecasts which turned out to be wrong
- Original forecasts which turned out to be true but were changed

## **Current calculations have never been and are currently not being shared**

- I have requested my accounts be examined and/or my calculations be commented on via form, email, phone contacts to MPCT and their vendor but am only told I have the principle; the interest is LOST
- If interest is cumulative and not once, why does the amount vary so? No one will answer the question
- I have asked that the MPCT posted on the web the spreadsheets used for calculations
- Why were previous valuations removed from web?

## Original forecasts which turned out to be wrong

- 6% retroactive charge is less than the variable earnings compounded since the inception of the contract
- Calculation error

# Development up to present (continued)

## Rollover and Refund Methodology Used in Other States

We determined that there are currently nine other states that offer prepaid college contracts. We contacted five of those states to compare their rollover and refund methodologies to Maryland 529's methodology. We were informed by officials in four states that they generally limited rollover and refund payments to the current value of the college benefits available to the account beneficiary at the time of the account holder's request for rollover or refund. We applied this methodology to the MPCT account rollover to MCIP made in May 2018 that was illustrated in Table 2. Using the maximum value of Maryland State university and college benefits at the time of the rollover, we determined that the rollover payment would have been \$44,357 rather than the \$77,012 (\$44,902 account balance and \$32,110 interest) payment made as determined by Maryland 529's current methodology.

The fifth state contacted advised that it used a pre-defined market index, which, for the period from April to June of 2018, was 2.16 percent. We did not attempt to calculate interest for this account using a market index.

## **Recommendation 6**

Since the purpose of MPCT is to contract for a guaranteed payment of State university or college costs for a specified beneficiary, and not as an investment vehicle, we recommend that the Maryland 529 Board

- a. conduct a documented evaluation of the methodology it uses for calculating refund and rollover payments, including consideration of methodologies used by other states, to ensure that rollover and refund payments are not excessive; and
- b. ensure that future tuition contracts clearly reflect any changes Maryland 529 considers necessary as a result of this evaluation.

Per Audit MPCT "a documented evaluation of the methodology it uses for calculating refund and rollover payments" may have overcompensated some, but now they offer no earnings and have wiped out previous contractually guaranteed earnings retroactively and secretly; I submit breaking 2013 Maryland Code COMMERCIAL LAW § 22-701

# Development up to present (continued)

**Table 2**  
**Schedule of Interest Earnings For 2018 Rollover Example**  
**Comparing Different Interest Calculation Methodologies**  
**Three Interest Earning Calculations**

| Year         | Fiscal Year | Cumulative Account Balance | Current Method: Maryland 529 Actual Calculation <sup>a</sup> | Scenario A: Office of Legislative Audits Calculation using "Since Inception" Rate <sup>b</sup> | Scenario B: Office of Legislative Audits Calculation using Actual Annual Rate of Return <sup>c</sup> |
|--------------|-------------|----------------------------|--|--|--|
| 1            | 2006        | \$ 3,454                   | \$ 2,470   | \$ 190   | \$ 276   |
| 2            | 2007        | 6,908                      | 2,470  | 380  | 1,071  |
| 3            | 2008        | 10,362                     | 2,470  | 570  | (601)  |
| 4            | 2009        | 13,816                     | 2,470  | 760  | (2,818)  |
| 5            | 2010        | 17,270                     | 2,470  | 950  | 2,418  |
| 6            | 2011        | 20,724                     | 2,470  | 1,140  | 4,352  |
| 7            | 2012        | 24,178                     | 2,470  | 1,330  | 287  |
| 8            | 2013        | 27,632                     | 2,470  | 1,520  | 2,957  |
| 9            | 2014        | 31,086                     | 2,470  | 1,710  | 5,751  |
| 10           | 2015        | 34,540                     | 2,470  | 1,900  | 836  |
| 11           | 2016        | 37,994                     | 2,470  | 2,090  | (266)  |
| 12           | 2017        | 41,448                     | 2,470  | 2,280  | 5,098  |
| 13           | 2018        | 44,902                     | 2,470  | 2,470  | 3,188  |
| <b>Total</b> |             |                            | <b>\$ 32,118</b>   | <b>\$ 17,296</b>   | <b>\$ 22,649</b>   |

Source: Maryland 529 records and audited financial statements

**Takeaway Key:**

<sup>a</sup> Under Maryland 529's current methodology, interest earnings for each year were calculated by Maryland 529 based on the final account balance at the time of rollover (\$44,902) using a "since inception" rate of 5.5 percent.

<sup>b</sup> Under Scenario A, interest was calculated annually based on the estimated account balance for each fiscal year-end using simple interest at a "since inception" rate of 5.5 percent.

<sup>c</sup> Under Scenario B, interest was calculated annually based on the estimated account balance for each fiscal year-end using simple interest at the MPCT annual rate of return for that year as stated in the annual financial statements.



July 30, 2020

The Maryland Prepaid College Trust has completed your request to calculate the value of your account(s). In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

Principal: \$ 8,483.50  
Earnings: \$ 7,456.06  
Fees: \$ (2,280)  
Total: \$ 15,911.56

Please note that these figures are calculated as of today's date and they may vary based on the receipt of the final request.

Sincerely,

MPCT Accounts Department

217 E. REDWOOD STREET | SUITE 1100 | BALTIMORE, MARYLAND 21202 | TELEPHONE TOLL FREE 888-AMG-GANG  
177 MARYLAND BLVD. | 800.726.2338 | FAX (410) 333.2292 | WWW.MARYLAND529.COM



August 1, 2019

Dear Account Holder,

The Maryland Prepaid College Trust has completed your request to calculate the value of your account. In accordance with the plan guidelines, you will receive your initial principal balance less any disbursements along with all corresponding realized earnings less fees, since inception. The disbursement you will receive is reported as follows:

Rollover Value - 25 units

Principal: \$ 2,121.88  
Earnings: \$ 1,934.35  
Fees: \$ (601.00)  
Total: \$ 3,596.23

Rollover Value - 58 units

Principal: \$ 4,243.75  
Earnings: \$ 3,868.71  
Fees: \$ (1,046.62)  
Total: \$ 8,052.46

Please note that these figures are calculated as of today's date and that they may vary based on the receipt of the final request. If you have any additional questions, please contact our dedicated team at (888) 463-4722 option 2 or by emailing [mpct@maryland529.com](mailto:mpct@maryland529.com).

Sincerely,

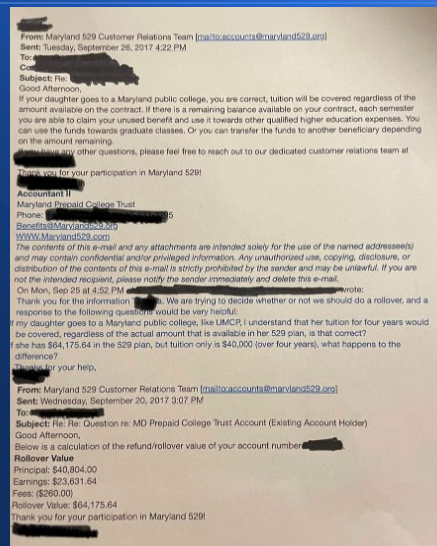
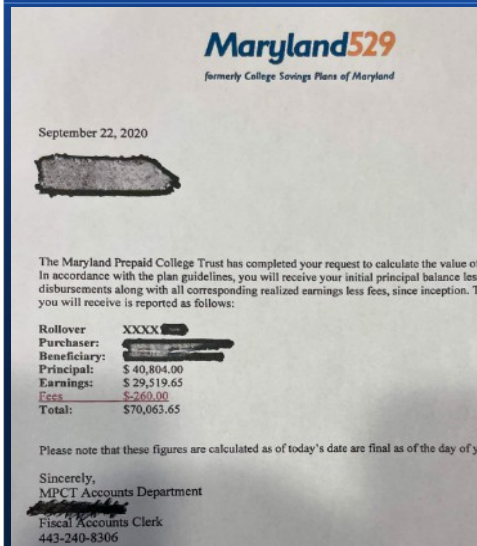
Maryland Prepaid College Trust  
(642) 609-1042  
[www.maryland529.com](http://www.maryland529.com)  
(800) 726-2338

217 E. REDWOOD STREET | SUITE 1100 | BALTIMORE, MARYLAND 21202 | TELEPHONE TOLL FREE 888-AMG-GANG  
177 MARYLAND BLVD. | 800.726.2338 | FAX (410) 333.2292 | WWW.MARYLAND529.COM

1. Previous rollovers were paid out using "since inception" rate; now others, like Andrew, get no interest

2. Notice the audit clearly states "Under Maryland 529's current methodology, interest earnings for each year were calculated...using a 'since inception rate'". Indeed, "In total, incorrect values were shown for approximately 4-6 months between November 2021 and April 2022," Savia said; previous statements are correct and since inception rate is to be used for all calculations until May 2021 and then after November 2021, leaving only 6 months in flux.

# Development up to present (continued)



Although previous rollovers were paid out, no formula was ever shared; some people got paid; now others get nothing

# Overview

- Review contracts
- Review deposits
- Review statements
- Review of Office of Legislative Audits findings
- Review breach of contract
- Review mail fraud
- Review wire fraud
- Review of obstruction of justice
- Review recommendations to move forward



## Long-term goal

- Via the legislative guarantee have the Maryland General Assembly fulfill their contractual duty and provide access to funds for Maryland Prepaid College Trust holders “Save here. Go anywhere.”
- Maryland General Assembly in the current session pass a bill, which is yet to be written, that has a line item to the general state budget authorizing a \$140 million dollar line-of-credit to MPCT so that students may follow their dreams

# Development up to present (continued)

## Should Account Holders expect that the earnings calculation used to calculate interest be the same as the 2022 Plan Disclosure Statement?

The terms of the 2022 Prepaid College Trust Disclosure Statement remain in effect and will be used to review distributions since November 1, 2021. No update to the plan terms with respect to the calculation of Minimum Benefits, rollovers, and refunds is anticipated at this time.

## If the calculation issue occurred at the time of the November 1, 2021 conversion, why wasn't the issue resolved before the next Tuition cycle?

The conversion occurred after fall 2021 Tuition had been processed and before the start of spring 2022 Tuition cycle. We have been working with Intuition since we first discovered the problem to correct the calculations. To avoid providing inaccurate information, the Minimum Benefit calculation was suspended while we worked with consultants to determine the source of the problem. We have been working to identify the source of the issue so that we can correct the calculations and reactivate the automatic calculation of the benefit and have it displayed correctly in Account Holder's Account page.

## When do earnings stop accruing?

There is a maximum benefit calculation that stops accruing earnings on a date that is equal to the Projected Enrollment Year (the year your beneficiary became college age—that was used to set plan pricing), plus 10 years, plus the number of years purchased under the contract.

1. When contacted, Intuition admits they only may view contributions and withdraws
2. MPCT admits it has yet to identify the "calculation error"

# Development up to present (continued)

**Disclaimer:**

This Report is based on account and transactional data provided from the Intuition platform.

**Minimum Benefit Remaining (\$):** \$ 39,071.19

**Semesters Remaining (#):** 8.00

- ✓ 8/15/2008
- ✓ 9/15/2008
- ✓ 10/15/2008
- ✓ 11/15/2008
- ✓ 8/15/2017
- ✓ 9/15/2017
- ✓ 10/15/2017

To: You Fri, 2/17/2023 6:54 PM

Hey Mark: thank you for sending the document. This looks like a bank statement. I don't see Grant Thornton listed anywhere. This is not a GT generated document. Do you have something that shows GT has a connection to this account? That would be helpful.

Thanks so much,

From: Mark [mailto:mark.thornton@gt.com]  
Sent: Friday, February 17, 2023 6:54 PM  
To: Mark [mailto:mark.thornton@gt.com]  
Subject: Re: Maryland29 Report

Hi Mark,  
I have reviewed the document and it appears to be a bank statement. I have not seen this document before and I am not sure if it is related to the account. I have reached out to the bank on account for the bank as well, but could not get any information from them regarding the account.

Mark  
Vice President  
111 California Street, Suite 1700, San Francisco, CA 94111, United States  
T: 415 774 1000 F: 415 774 1001  
M: 415 774 1000 P: 415 774 1001

1. Report is based on derived data; not primary data
2. Approximately 9 years (over 100 months) of data are excluded from calculations
3. Value reported is a loss of about \$47,000 from 2021 FAFSA value and about \$130,000 less that maximum calculation; NO contact information
4. Grant Thornton did not recognize the statement; making me question who made the statement; MPCT refuses to answer who authored it

# MPCT Substantively Does not Answer Questions

From: mpctquestions@mdprepaidcollegetrust.com  
Sent: Tuesday, January 10, 2023 3:00 PM  
To: MWQZAR@HOTMAIL.COM <MWQZAR@HOTMAIL.COM>  
Subject: Maryland Prepaid College Trust

Dear Mr. Wozar:

MD529 is currently reviewing and prioritizing customers who complete the Request for Account Support Form. You can access the online version of the form here: [https://docs.google.com/forms/d/1FAIeG4Sd7ahVSU2as2tU8H5MWE2Vf\\_78\\_TTVYV5v9u95uCSZBA/viewform](https://docs.google.com/forms/d/1FAIeG4Sd7ahVSU2as2tU8H5MWE2Vf_78_TTVYV5v9u95uCSZBA/viewform)

Google Forms: Sign-in  
Access Google Forms with a personal Google account or Google Workspace account (for business use).  
docs.google.com

For more information on completing the form or regarding the manual account reviews, please contact MD529 at 1-800-734-5382.

Thank you,  
Maryland Prepaid College Trust

Dear Mr. Wozar,

I apologize for the frustration you are experiencing, but as I am not a member of the customer support or account services teams and have no access to account holder information, I am personally unable to provide assistance regarding your account. However, as you have stated that you completed and submitted the Request for Account Support form, a member of the Maryland 529 account services team will contact you.

I hope the following information is helpful in explaining the Request for Account Support process:

- At this time, and in an abundance of caution, Prepaid College Trust Tuition Plan accounts are being individually reviewed by outside certified public accountants based on a priority system to help confirm accuracy of calculations.
- The completion of the Request for Account Support Form puts the Prepaid College Trust Tuition Plan Account Holder in the queue for a manual or other review based on the assigned priority level - if you submitted your form, you are now in the queue.
- Upon completion of the manual review process (if applicable), the priority Account Holder will receive a MPCT Tuition Plan Manual Review Report and an explanation of next steps - including the actions the Account Holder may take on their MPCT Tuition Plan account.

The most recent updates on this issue can also be found on our website at <https://maryland529.com/Account-Holders/Maryland-Prepaid-College-Trust/MPCT-FAQs/Interest-Calculation-FAQs>

If you have additional questions regarding your request for account support form, please direct them to: [mpctassistance.md529@maryland.gov](mailto:mpctassistance.md529@maryland.gov).

Sincerely,  
**Michelle Winner**  
Director of Marketing  
Maryland 529  
217 E. Redwood Street  
Suite 1350  
Baltimore, MD 21202

RE: Re: Maryland 529

MPCTQuestions@mdprepaidcollegetrust.com

To: You

Start reply with:

Thank you for contacting **Maryland Prepaid College Trust**.  
Your email has been received and has been sent to the appropriate department for review.

Sincerely,  
Maryland Prepaid College Trust

**Customer Engagement Center**  
1-888-463-4723, option 2  
**Hours of Operation**  
Monday – Friday  
8:00am – 5:00pm ET

All requests must be uploaded on your online access.

Since no formula was ever shared, I shared my calculations with MPCT and asked for discussion per requirement; I have been rebuffed

## MPCT's Hearing Testimony includes Untruths

48 minutes into the B&T Jan 24, 2023 hearing

- “No account holders have lost funds” is a distortion as the accounts have decreased by over \$130,000 and no one has substantively contacted me nor has the formula been provided
- In June of 2021, 17 years after the contract was agreed upon, the Board made a contractual amendments to rollover calculation and refund amount and calculation of the minimum benefit value...this change was done secretly and retroactively...many people earned interest as was previously shown
- “The increase to attributable earnings became effective November 1, 2021” is a misrepresentation of the truth as was shown earlier

## MPCT's Hearing Testimony includes Untruths (continued)

- MPCT quibble that account holders only “have access to principle contribution”...the earns have been removed for over a year
- He continues “The primary has not been materially impacted”
- The “correction”/”amended” formula has never been shared/reported...only the contribution/principle is accessible
- The manual accounting is problematic as was previously reported in the Maryland General Assembly audit
- Portal showed incorrect values for 4 to 6 months from November 2021 to April 2022...the portal showed the correct information before amendment
- MPCT, is not exempt form sovereign immunity; indeed, the EEE's own legal counsel stated that MPCT may be sued and/or investigated by Federal agencies like the SEC and/or FBI for crimes

## MPCT's Hearing Testimony includes Untruths (continued)

- MPCT did not mention Maryland 529 personnel also found 187 boxes of old business documents, some dating back 10 years or more, stored in the Maryland 529 records room for which required action had never been taken.
  - Assuming that one box holds 4,000 to 4,500 11 x 8.5 sheets of paper
  - If the contents of the boxes would be taken out and stacked landscape, the length of the paper would be so long as to blaze two-round trips from Annapolis to Baltimore
- MPCT did not mention high management and staff turnover
- MPCT did not mention “manually prepared calculations” are error prone and could be defeated by automation but MPCT refuse to provide calculations, especially for rollovers; MPCT refuse to provide account statuses when asked in writing

# MPCT's Hearing Testimony includes Untruths (continued)

https://www.marylandmatters.org/2023/01/29/ahead-of-board-meeting-maryland-529-director-details-accounting-iss

GOVERNMENT & POLITICS ENVIRONMENT HEALTH EDUCATION JUSTICE TRANSPORTATION WORK & THE ECONOMY

Maryland 529 Prepaid College Trust accounting samples

| Amount account holder saw on 2018 year-end statement | Amount on 2019 year-end statement | Amount on 2020 year-end statement | Erroneous amount on 2021 statement |
|--|-----------------------------------|-----------------------------------|------------------------------------|
| 18,100.00  | 18,100.00                         | 18,100.00                         | 24,793.09                          |
| 27,100.00  | 27,100.00                         | 27,100.00                         | 25,992.16                          |
| 27,100.00  | 27,100.00                         | 27,100.00                         | 48,264.81                          |
| 31,324.00  | 31,324.00                         | 31,324.00                         | 27,810.77                          |
| 38,498.00  | 38,498.00                         | 38,498.00                         | 86,897.24                          |
| 41,280.00  | 41,280.00                         | 41,280.00                         | 94,894.88                          |
| 44,402.84  | 44,402.84                         | 44,402.84                         | 73,197.45                          |
| 44,160.00  | 44,160.00                         | 44,160.00                         | 24,762.24                          |
| 28,484.00  | 28,484.00                         | 28,484.00                         | 44,722.10                          |
| 21,750.00  | 21,750.00                         | 21,750.00                         | 39,882.03                          |
| 18,750.00  | 18,750.00                         | 18,750.00                         | 16,897.26                          |
| 18,674.00  | 18,674.00                         | 18,674.00                         | 16,228.85                          |
| 95,692.00  | 95,692.00                         | 95,692.00                         | 78,914.28                          |
| 82,646.00  | 82,646.00                         | 82,646.00                         | 82,266.17                          |
| 39,026.00  | 39,026.00                         | 39,026.00                         | 79,693.23                          |
| 27,140.00  | 27,140.00                         | 27,140.00                         | 81,813.84                          |
| 37,318.00  | 37,318.00                         | 37,318.00                         | 83,618.92                          |
| 17,284.00  | 17,284.00                         | 17,284.00                         | 33,267.12                          |
| 31,221.00  | 31,221.00                         | 31,221.00                         | 66,428.91                          |
| 31,184.00  | 31,184.00                         | 31,184.00                         | 64,128.26                          |
| 24,618.86  | 24,618.86                         | 24,618.86                         | 43,889.62                          |
| 88,492.00  | 88,492.00                         | 88,492.00                         | 89,149.91                          |
| 31,184.00  | 31,184.00                         | 31,184.00                         | 84,978.82                          |
| 42,200.00  | 42,200.00                         | 42,200.00                         | 88,482.84                          |
| 28,714.00  | 28,714.00                         | 28,714.00                         | 28,921.91                          |
| 26,000.00  | 26,000.00                         | 26,000.00                         | 28,842.96                          |
| 88,319.00  | 88,319.00                         | 88,319.00                         | 29,774.24                          |

After reviewing Ahead of board meeting, Maryland 529 director details accounting issues in memo to lawmakers - Maryland Matters, (By William F. Zorzi January 29, 2023) I am troubled that I cannot reconcile the math accounted for accounts that was presented in testimony that had NO INTEREST FOR TWO YEARS and all ended in zeros.



# Maryland SB475...won't come to floor until 2025...leaving MPCT without funds for 2 more years

**SB 475** **Senator Klausmeier, et al**  
**WORKGROUP ON THE MARYLAND 529 PREPAID COLLEGE TRUST PROGRAM**  
Establishing the Workgroup on the Maryland 529 Prepaid College Trust Program; requiring the Workgroup to identify policies, procedures, and practices that led to issues relating to the earnings calculation formula and Maryland 529 account holders' inability to access their prepaid college trust benefits to pay for college expenses; requiring the Workgroup to develop and make recommendations for improvement in certain areas; and requiring the Workgroup to report its findings and recommendations on or before June 1, 2024.  
**EMERGENCY BILL**  
Assigned to: Education, Energy, and the Environment

The screenshot shows the Maryland General Assembly website with the following details for SB 475:

- Title:** Workgroup on the Maryland 529 Prepaid College Trust Program
- Sponsored by:** Senators Klausmeier, Augustine, Brooks, Carozza, Elfleth, Feldman, Gallion, Hershey, Gile, Kramer, Rosapepe, Guzzone, Muse, Ready, Salling, and Zucker
- Status:** In the Senate - First Reading Education, Energy, and the Environment
- Analysis Synopsis:** Establishing the Workgroup on the Maryland 529 Prepaid College Trust Program; requiring the Workgroup to identify policies, procedures, and practices that led to issues relating to the earnings calculation formula and Maryland 529 account holders' inability to access their prepaid college trust benefits to pay for college expenses; requiring the Workgroup to develop and make recommendations for improvement in certain areas; and requiring the Workgroup to report its findings and recommendations on or before June 1, 2024.
- Committees:** Original: Education, Energy, and the Environment
- Details:** Emergency Bill, Bill File Type: Regular

# 2013 Maryland Code

## COMMERCIAL LAW

### § 22-701 - Breach of contract; material breach

(a) Whether a party is in breach of contract is determined by the agreement or, in the absence of agreement, this title. A breach occurs if a party without legal excuse fails to perform an obligation in a timely manner, repudiates a contract, or exceeds a contractual use term, or otherwise is not in compliance with an obligation placed on it by this title or the agreement. A breach, whether or not material, entitles the aggrieved party to its remedies. Whether a breach of a contractual use term is an infringement or a misappropriation is determined by applicable informational property rights law.

(b) A breach of contract is material if:

(1) The contract so provides;

(2) The breach is a substantial failure to perform a term that is an essential element of the agreement; or

(3) The circumstances, including the language of the agreement, the reasonable expectations of the parties, the standards and practices of the business, trade, or industry, and the character of the breach, indicate that:

(A) The breach caused or is likely to cause substantial harm to the aggrieved party; or

(B) The breach substantially deprived or is likely substantially to deprive the aggrieved party of a significant benefit it reasonably expected under the contract.

1. Maryland Prepaid College Trust authored the contract as such Maryland Prepaid College Trust is held to its standard

2. Maryland has not in a timely manner met the contract term as it has previously thereby making a substantive failure to agreement deprive the contract holder a significant benefit, access to all funds (earnings and initial investment) for a college expenses

# Mail Fraud Defined

- 940. 18 U.S.C. SECTION 1341—ELEMENTS OF MAIL FRAUD
- "There are two elements in mail fraud: (1) having devised or intending to devise a scheme to defraud (or to perform specified fraudulent acts), and (2) use of the mail for the purpose of executing, or attempting to execute, the scheme (or specified fraudulent acts)." *Schmuck v. United States*, 489 U.S. 705, 721 n. 10 (1989); see also *Pereira v. United States*, 347 U.S. 1, 8 (1954) ("The elements of the offense of mail fraud under . . . § 1341 are (1) a scheme to defraud, and (2) the mailing of a letter, etc., for the purpose of executing the scheme."); Laura A. Eilers & Harvey B. Silikovitz, *Mail and Wire Fraud*, 31 *Am. Crim. L. Rev.* 703, 704 (1994) (cases cited).
- "Mail fraud is the illegal use of the postal system to cheat people out of their money"
- MPCT used the mail to state contribution and earnings statements to over 31,000 account holders but refuses to provide earnings even though the contract clearly states that the account holder will receive them when rolling over; MPCT admits to secretly and retroactively making contractual amendments and refuses to timely provide calculations

# Wire Fraud Defined

- The U.S. Department of Justice Criminal Resource Manual Section 941.18 U.S.C. 1343 cites these as the key elements of wire fraud: “1) that the defendant voluntarily and intentionally devised or participated in a scheme to defraud another out of money; 2) that the defendant did so with the intent to defraud; 3) that it was reasonably foreseeable that interstate wire communications would be used; and 4) that interstate wire communications were in fact used.”
- MPCT secretly and retroactively removed earnings from the calculation and disseminated the information over the Internet; MPCT does not provide formula nor substantively responds to calcification requests

# Obstruction of Justice Defined

- 18 U.S.C. § 1503 defines "obstruction of justice" as an act that "corruptly or by threats or force, or by any threatening letter or communication, influences, obstructs, or impedes, or endeavors to influence, obstruct, or impede, the due administration of justice."
- Obstruction of justice is defined as the offense of interfering with the administration or process of law in a criminal or civil matter; withholding key information or information; giving false testimony; or harming or intimidating a juror, witness, law enforcement officer or other official.
- The charge may also be brought against a person found to have altered and/or destroyed physical evidence, even if he or she was under no legal obligation to produce the evidence
- MPCT supplied dubious information MDGA; MPCT sent out "bank statements" without ~9 years of information, MPCT does not have contact information on account statements; MPCT has removed previous online account statements; MPCT does respond to calcification requests

## Potential Alternatives

- Do nothing...deny students their college dreams; break promises; condone theft as finances are not being shared and amendments are done in secret and made retroactive
- Provide students the funds to which they are entitled via line-of-credit no interest loan in the general budget; provide calculations to all MPCT accounts in contract order. MPCT states the funds are there but refuse to pay them; dictate that 1.6 times of the highest 2021 calculation for each student of college age (18 years old) or contract in good standing from 2009 or earlier may rollover
- All options cost the Maryland taxpayer nothing

# Recommendations

- Provide students the funds to which they are entitled via line-of-credit no interest loan in the general budget; MPCT states the funds are there but refuse to pay them; dictate that 1.6 times of the highest 2021 calculation less monies paid for each student of college age (18 years old) or contract in good standing from 2009 or earlier may rollover
- Provide students a rate of 6% using a LOC no interest loan in the general budget
- Formula will be supplied after passage; 31,000 can be processed when years supplied for each account on one Excel workstation

## Recommendations (continued)

- No more than \$140 million dollars will be rolled over
- Money will be awarded in contract order (oldest contracts first)
- Invite SEC to conduct a forensic audit of books



# Contract's Definition of Newborn

## Can I contribute to the Prepaid College Trust and a Coverdell Education Savings Account (formerly known as an Education IRA)?

Federal tax law allows contributions to be made to both the College Savings Plans of Maryland and a Coverdell Education Savings Account for the same Beneficiary in the same tax year.

Please note: For certain contributions, including those from Series EE and Series I U.S. Savings Bonds, Coverdell Education Savings Accounts, and rollovers from other Section 529 plans, we require additional information from you. This information could include the original amount contributed and any associated earnings.

## When can I enroll a newborn infant?

Newborn infants can be enrolled anytime during the year from the date of their birth until their first birthday at prices that are in effect when the enrollment is completed. This means that prior to the start date of the 2004-2005 Enrollment Period, the prices in effect for newborns will be the prices of the 2003-2004 Enrollment Period. An enrollment is completed upon receipt of a completed Enrollment Form and the applicable Enrollment Fee.

## What are the fees associated with the Prepaid College Trust?

The operating expenses of the Prepaid College Trust are covered by 2.5% of Contract payments. In addition, each new Prepaid College Trust Account is charged a \$75 Enrollment Fee that must accompany your completed Enrollment Form. If you purchase additional years of Tuition for

the same Beneficiary, or open an Account for a Beneficiary for whom you already have a Maryland College Investment Plan account, you pay only a reduced Enrollment Fee of \$20. We must receive your Enrollment Fee before your Account can be opened. A complete Schedule of Administrative Fees can be found on page 7.

## Can I accelerate my payments or pay off my account early?

Yes, your payments may be accelerated. This can be done in one of two ways:

1) You may always pay more than your monthly or annual payment amount. This may lessen the number of monthly or annual payments you will have to make. This will not reduce the total amount of your payments.

2) You may reduce the total amount of your payments by making a single payment of at least 25% of the payoff amount.

An Account may also be paid in full at any time. To request your payoff amount, you may either send an e-mail request to: [mpct@collegesavingsmd.org](mailto:mpct@collegesavingsmd.org) or call our toll-free number, **1 888 4MD GRAD** and select option #2, then option #1, to speak with a representative.

# Contract's Article VII item 3 states 100% of earnings will transfer

## Unused Benefits Applied Toward Graduate Education at Eligible Institutions.

1. You must notify the Board in writing and at least two months in advance, that the Beneficiary will be attending graduate school.
2. Upon receipt of this notification, the Board will send you a Benefits claim form. The completed form must be returned to the Board with an invoice from the Eligible Institution.
3. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution.

## Unused Benefits Applied Toward Qualified Higher Education Expenses at Eligible Institutions.

1. No later than March of each year after a Beneficiary has begun using Benefits and has existing Benefits remaining in an Account, the Board will send you a confirmation form to reconfirm personal information about the Beneficiary.
2. Upon receipt of this form, the Board will send a Benefits claim form no earlier than June of the same year. This form must be returned to the Prepaid College Trust with an invoice from the Eligible Institution. This form will provide directions regarding the use of the Unused Benefits to pay for Qualified Higher Education Expenses.
3. If Unused Benefits are applied toward other Qualified Higher Education Expenses, such as room and board or books, the Board will pay up to the Weighted Average Tuition of the tuition plan purchased toward the Qualified Higher Education Expenses.
4. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution or reimburse the Account Holder, as appropriate.

## Article VII – Termination, Transfer and Refund

3. If (a) you fail to make the required payments or supply necessary information, (b) the maximum period in which Benefits can be used has expired, or (c) it is determined that either you or the Beneficiary has made any material misrepresentation related to the Contract, the Board in its sole discretion may terminate the Contract.

**Transfers to Other Eligible Programs.** Upon notification in writing to the Board, you may transfer the Account to another program intended to comply with Section 529 of the Internal Revenue Code. All transfers are subject to the Internal Revenue Code. If this Contract is less than 3 years old, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 75% of the Investment Earnings or losses realized on the contributions, less any administrative fees or Benefits used. If this Contract is over 3 years old, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions less any administrative fees or Benefits used.

**Transfers within the College Savings Plans of Maryland.** The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment Plan will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions, at the time the Account is transferred, regardless of how long the Contract has been in effect.

### Refund.

Refunds are only given at the written request of the Account Holder, with an original signature, for a specific year(s) under the following circumstances.

1. Death or Disability of the Beneficiary.
  - 1.1 Beneficiary Enrolled at Eligible Institution. The refund will be the amount that would have otherwise been paid directly to the Eligible Institution.
  - 1.2 Beneficiary Not Enrolled at Eligible Institution. If the Beneficiary

## Parts of a contract

- The three elements required to create a legal contract are offer, acceptance and consideration, which means the exchange of something of value. In order for a contract to be binding, there must first be an offer. The party who initiates the contract is called the offeror and presents a proposal outlining certain terms.
- 17 years after the contract MPCT changes “amends” the contacts' terms in secret and retroactively

# Maryland Law on Contract Consideration

Under Maryland Commercial Law Article, Section 3-303(b), consideration is defined as any consideration sufficient to support a simple contract. Like many states, Maryland courts will not get bogged down in how valuable the consideration was or whether the deal is fair. So unless there is foul play, Maryland courts will not inquire into the adequacy of value exacted for a promise so long as it has some value. *Blumenthal v. Heron*, 261 Md. 234, 274 A.2d 636 (1971). Even \$1 in consideration may be sufficient to form a contract under Maryland law.

# Andrew Wozar's Account Paid in Full before First Year

The screenshot shows a web browser window with the URL <https://access.mdprepaidcollegetrust.com/YourPlans/TransactionHistory>. The page title is "Payment History". On the left, there is a navigation menu with "My Accounts", "Account Details", and "Payment History". The main content area shows the account selection dropdown set to "ANDREW WOZAR: Prepaid - 4004003982 - Paid in Full - Four Year/8 Sem". Below this, account details for Andrew Wozar are displayed, including phone number, account number (4004003982), and account status (Paid in Full). A note states "No Account Holder's Successor Listed".

Below the account details is a "Payment History" section with export options for Excel, PDF, and CSV. A table lists the following transactions:

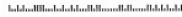
| Transaction Date | Transaction Type | Amount Received | Plan Amount  |
|------------------|------------------|-----------------|--------------|
| 8/26/2005        | Payment          | \$26,483.85     | -\$26,483.85 |
| 3/3/2005         | Fee Assess       | -\$75.00        | \$0.00       |
| 3/2/2005         | Payment          | \$4,230.00      | -\$4,230.00  |
| 10/27/2004       | Payment          | \$2,575.00      | -\$2,500.00  |

At the bottom of the table, there are navigation controls showing page 1 of 1, 10 items per page, and a total of 4 items.

# Annual Statements 2009 and 2012 FAFSA values accessed via web

## OFFERS THE SECURITY OF A LEGISLATIVE GUARANTEE

February 26, 2010  
Mr Mark R Wozar [15-17-2703]



This annual statement of account reflects your financial information as of December 31, 2009.

|                                   |                           |
|-----------------------------------|---------------------------|
| <b>Account Holder:</b>            | Mr Mark R Wozar           |
| <b>Beneficiary:</b>               | Andrew Wozar              |
| <b>Account Number:</b>            | 4003982                   |
| <b>Tuition Plan:</b>              | University Plan - 4 Years |
| <b>Projected Enrollment Year:</b> | 2021                      |

| Contract Payment Status            |              |
|------------------------------------|--------------|
| Contract payments received in 2009 | \$ 0         |
| Contract payments received to date | \$ 33,213.85 |
| Total contract amount              | \$ 33,213.85 |
| Fees paid                          | \$ 75        |
| Late fees due                      | \$ 0         |
| Returned check fees due            | \$ 0         |
| Other administrative fees due      | \$ 0         |

| Tuition Years as of 12/31/09 |   |
|------------------------------|---|
| Years Paid                   | 4 |
| Years Used                   | 0 |

This section shows how many years (or parts of years) you have paid for as of December 31, 2009. Please note that 2 years of the Community College Plan equals approximately 1 Tuition Year.

This is a statement of financial information and is not to be attached to your tax forms, but kept for your records. If you have any questions regarding State tax advantages of this account, you may call 1-800-MD-TAXES.

If you plan to complete the Free Application for Federal Student Aid (FAFSA), please note that Prepaid College Trust accounts are to be reported using the Account Value, which you can access online at [www.collegesavingsmd.org](http://www.collegesavingsmd.org) in the "Account Summary" section. For further information regarding federal financial aid treatment, please access the "Account Holder FAQs" section of our website.

If you have any questions concerning this account, please contact us toll free at 1-888-4MD-GRAD. We will be pleased to assist you in any way possible.

The College Savings Plans of Maryland Board

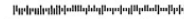
217 E. Redwood Street | Suite 1300 | Baltimore, Maryland 21202 | Toll Free: 1-888-4MD-GRAD | Fax: (410) 333-2295  
TTY Maryland Relay: 1-800-735-2258 | [www.collegesavingsmd.org](http://www.collegesavingsmd.org) | E-mail: [accounts@collegesavingsmd.org](mailto:accounts@collegesavingsmd.org)



**COLLEGE SAVINGS  
PLANS OF MARYLAND**  
*Maryland Prepaid College Trust*

March 11, 2013

Mr Mark R Wozar



This annual statement of account reflects your financial information as of December 31, 2012.

|                                   |                           |
|-----------------------------------|---------------------------|
| <b>Account Holder:</b>            | Mr Mark R Wozar           |
| <b>Beneficiary:</b>               | Andrew Wozar              |
| <b>Account Number:</b>            | 4003982                   |
| <b>Tuition Plan:</b>              | University Plan - 4 Years |
| <b>Projected Enrollment Year:</b> | 2021                      |

| Contract Payment Status            |             |
|------------------------------------|-------------|
| Contract payments received in 2012 | \$ 0.00     |
| Contract payments received to date | \$33,213.85 |
| Total contract amount              | \$33,213.85 |
| Fees paid                          | \$75.00     |
| Late fees due                      | \$ 0.00     |
| Returned check fees due            | \$ 0.00     |
| Other administrative fees due      | \$ 0.00     |

| Tuition Years as of 12/31/12 |      |
|------------------------------|------|
| Years Paid                   | 4.00 |
| Years Used                   | 0.00 |

This section shows how many years (or parts of years) you have paid for as of December 31, 2012. Please note that 2 years of the Community College Plan equals approximately 1 Tuition Year.

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If you have any questions concerning this account, please contact us toll free at 1-888-4MD-GRAD. We will be pleased to assist you in any way possible.

The College Savings Plans of Maryland Board

# Andrew's 2021 Annual Statement with FAFSA value over \$85,000

Mail - Mark Wozar - Outlook x | maryland prepaid college trust.com x | Select Your Plan x | Show Documents - Maryland x | ShowDocument x | +

https://access.mdprepaidcollegetrust.com/Documents/ShowDocument?DocumentID=UzNEj3iOzZCNMdnPlz0Raw==

|                                |                                     |                                    |   |
|--------------------------------|-------------------------------------|------------------------------------|---|
| <b>BENEFITS</b>                | 8.000                               |                                    |   |
| <b>ACCOUNT NUMBER:</b>         | <b>BENEFICIARY:</b>                 | <b>ACCOUNT HOLDER'S SUCCESSOR:</b> |   |
| 4004003982                     | ANDREW WOZAR                        | NOT ON FILE                        |   |
| <b>PRODUCT</b>                 | <b>PRODUCT TYPE:</b>                | <b>PAYMENT OPTION:</b>             | <b>PROJECTED COLLEGE ENROLLMENT YEAR:</b> |
|                                | Four Year/8 Sem                     | 10 Year Annual                     | 2021                                      |
| <b>FINANCIALS</b>              | <b>PURCHASE PRICE:</b>              | <b>PAYMENTS RECEIVED:</b>          | <b>BALANCE REMAINING:</b>                 |
|                                | \$33,213.85                         | \$33,213.85                        | \$0.00                                    |
|                                | <b>SCHEDULED PAYMENT AMOUNT:</b>    | <b>EARLY PAYOFF DISCOUNT:</b>      | <b>TOTAL FEES DUE:</b>                    |
| \$4,230.00                     | \$0.00                              | \$0.00                             |   |
| <b>FAFSA REPORTING VALUE*:</b> | <b>CURRENT TAX YEAR PAYMENTS**:</b> |                                    |   |
| \$86,771.28                    | \$0.00                              |                                    |   |
| <b>BENEFITS</b>                | <b>SEMESTERS AVAILABLE:</b>         |                                    |   |
|                                | 8.000                               |                                    |   |

THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

\*FAFSA VALUES REPRESENT THE "REFUND VALUE" TO BE USED WHEN REPORTING PREPAID TUITION PLANS AS AN ASSET OF THE PARENT ON THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA). FOR MORE INFORMATION, PLEASE SEE THE FAFSA LINK ON THE PREPAID BENEFITS PAGE WHEN YOU ACCESS YOUR ACCOUNT ONLINE.

\*\* MARYLAND TAXPAYERS CAN DEDUCT UP TO \$2,500.00 PER ACCOUNT FROM THEIR MARYLAND STATE INCOME FOR PAYMENTS THEY MADE IN THAT CALENDAR YEAR. PAYMENTS IN EXCESS OF \$2,500.00 PER ACCOUNT CAN BE DEDUCTED IN FUTURE YEARS UNTIL THE FULL NUMBER OF PAYMENTS HAS BEEN DEDUCTED. CONSULT WITH A TAX PROFESSIONAL REGARDING QUESTIONS RELATING TO YOUR SPECIFIC CIRCUMSTANCES.

# Andrew's 2022 Annual Statement

|                                      |  |  |   |
|--------------------------------------|--|--|---|
| 8.000                                |  |  |   |
| <b>ACCOUNT NUMBER:</b><br>400400398Z |  | <b>BENEFICIARY:</b><br>ANDREW WOZAR      | <b>ACCOUNT HOLDER'S SUCCESSOR:</b><br>NOT ON FILE |
| <b>PRODUCT</b>                       | <b>PRODUCT TYPE:</b><br>Four Year/8 Sem        | <b>PAYMENT OPTION:</b><br>10 Year Annual | <b>PROJECTED COLLEGE ENROLLMENT YEAR:</b><br>2021 |
| <b>FINANCIALS</b>                    | <b>PURCHASE PRICE:</b><br>\$33,213.85          | <b>PAYMENTS RECEIVED:</b><br>\$33,213.85 | <b>BALANCE REMAINING:</b><br>\$0.00               |
|                                      | <b>SCHEDULED PAYMENT AMOUNT:</b><br>\$4,230.00 | <b>EARLY PAYOFF DISCOUNT:</b><br>\$0.00  | <b>TOTAL FEES DUE:</b><br>\$0.00                  |
|                                      | <b>CURRENT TAX YEAR PAYMENTS**:</b><br>\$0.00  |  |   |
| <b>BENEFITS</b>                      | <b>SEMESTERS AVAILABLE:</b><br>8.000           |  |   |

THIS STATEMENT INCLUDES ONLY ACTIVE CONTRACTS WITH BENEFITS REMAINING. BEFORE BENEFITS MAY BE UTILIZED, ALL OUTSTANDING BALANCES MUST BE PAID IN FULL, AND THE ACCOUNT HOLDER'S EMAIL AND THE BENEFICIARY'S SOCIAL SECURITY NUMBER MUST BE ON FILE. IF YOU BELIEVE THIS STATEMENT DOES NOT ACCURATELY REFLECT THE STATUS OF YOUR ACCOUNT, YOU HAVE 60 DAYS FROM THE DATE ABOVE TO NOTIFY US OF THE ERROR. AFTER 60 DAYS, THE INFORMATION WILL BE CONSIDERED CORRECT AND BINDING FOR THE ACCOUNT.

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# 187 Boxes of Unprocessed Business Documentation

## Discovery of Unopened and Unprocessed Documents

After the resignation and termination of the CEO and CFO in May 2015, respectively, STO personnel discovered numerous old business documents in the

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former CFO's office and in the Maryland 529 mailroom, including unopened and undelivered mail. STO personnel advised us that these old business documents were subsequently provided to Maryland 529 personnel for investigation and resolution. Around the same time, Maryland 529 personnel also found 187 boxes of old business documents, some dating back 10 years or more, stored in the Maryland 529 records room for which required action had never been taken. We were advised that Maryland 529 personnel conducted an investigation of all of these found documents, which lasted approximately three to four months. The aforementioned participation of STO personnel in the discovery of old business documents, as well as the provision of certain STO personnel during the period of management turnover occurred because of the State Treasurer's position on the Maryland 529 Board.

STO and Maryland 529 management personnel presented information to the Maryland 529 Board in May and August of 2015, respectively, as to documents that STO and Maryland 529 personnel had discovered in the aforementioned Maryland 529 locations. The following is a partial list describing documents found either by STO or Maryland 529:

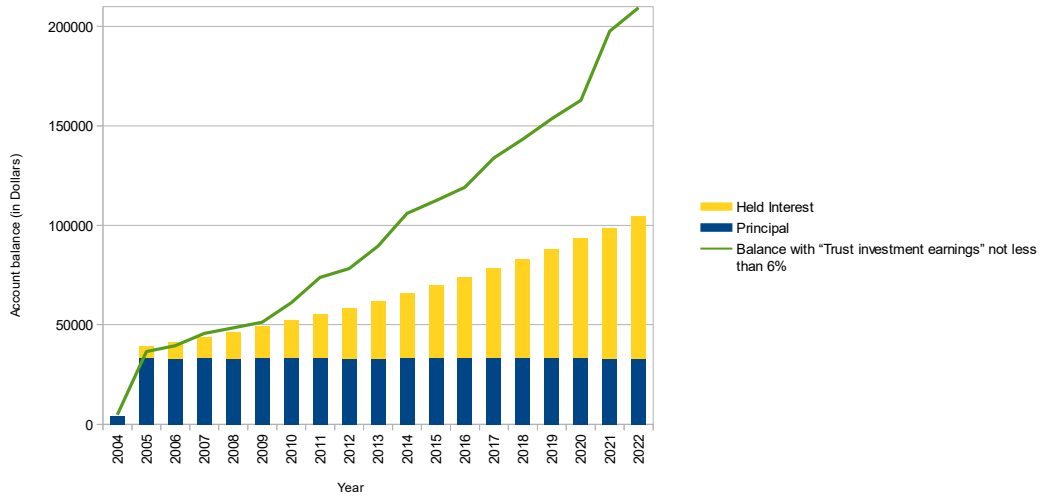
that STO and Maryland 529 personnel had discovered in the aforementioned Maryland 529 locations. The following is a partial list describing documents found either by STO or Maryland 529:

- Documentation of disbursement transactions, totaling approximately \$4.3 million, that had never been recorded in or had been improperly recorded in Maryland 529's records
- Unopened and undelivered mail dating back at least 10 years
- Undeposited checks totaling \$14,000 dating back to October 2007
- Disbursement checks for individual amounts up to \$28,000 prepared but never sent to account holders dating back to August 2008
- Unprocessed refund requests dating back to April 2014
- Unpaid invoices and delinquency notices from collection agencies
- Unresolved correspondence and other transactions, such as change in beneficiary forms
- Incomplete reconciliations of critical records, such as reconciliations of Maryland 529 records to the corresponding bank records
- Documentation of overpayments to account holders totaling approximately \$200,000

## Discovery of Unknown Bank Account

The review of these discovered documents also uncovered the existence of a bank account, which we were advised was previously unknown to Maryland 529 personnel and the Board. The account, which reflected a balance of approximately \$15 million as of June 2015, was determined to be used for the deposit of certain administrative fees received from the private investment company responsible for managing the Maryland College Investment Plan

# Additional Interest Valuations



Assuming that 6% is the hard deck and variable continue as previous  
Andrew's initial investment and earnings exceed \$200,000