

# Office of the Minnesota Secretary of State

## Minnesota Public Benefit Corporation / Annual Benefit Report

834850200056

Minnesota Statutes, Chapter 304A



Read the instructions before completing this form

Must be filed by March 31

Filing Fee: \$55 for expedited service in-person, \$35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.

Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. Corporate Name: (Required) Esqyr, SBC
2. The public benefit corporation's board of directors has reviewed and approved this report.
3. In the field below, enter the information required by section 304A.301 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

See attached.

4. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

*[Handwritten Signature]*

Signature of Public Benefit Corporation's Chief Executive Officer

3/27/18

Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

### Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

Chris@esqyr.com

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

Chris Henjum

Contact Name

612 709 3538

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?

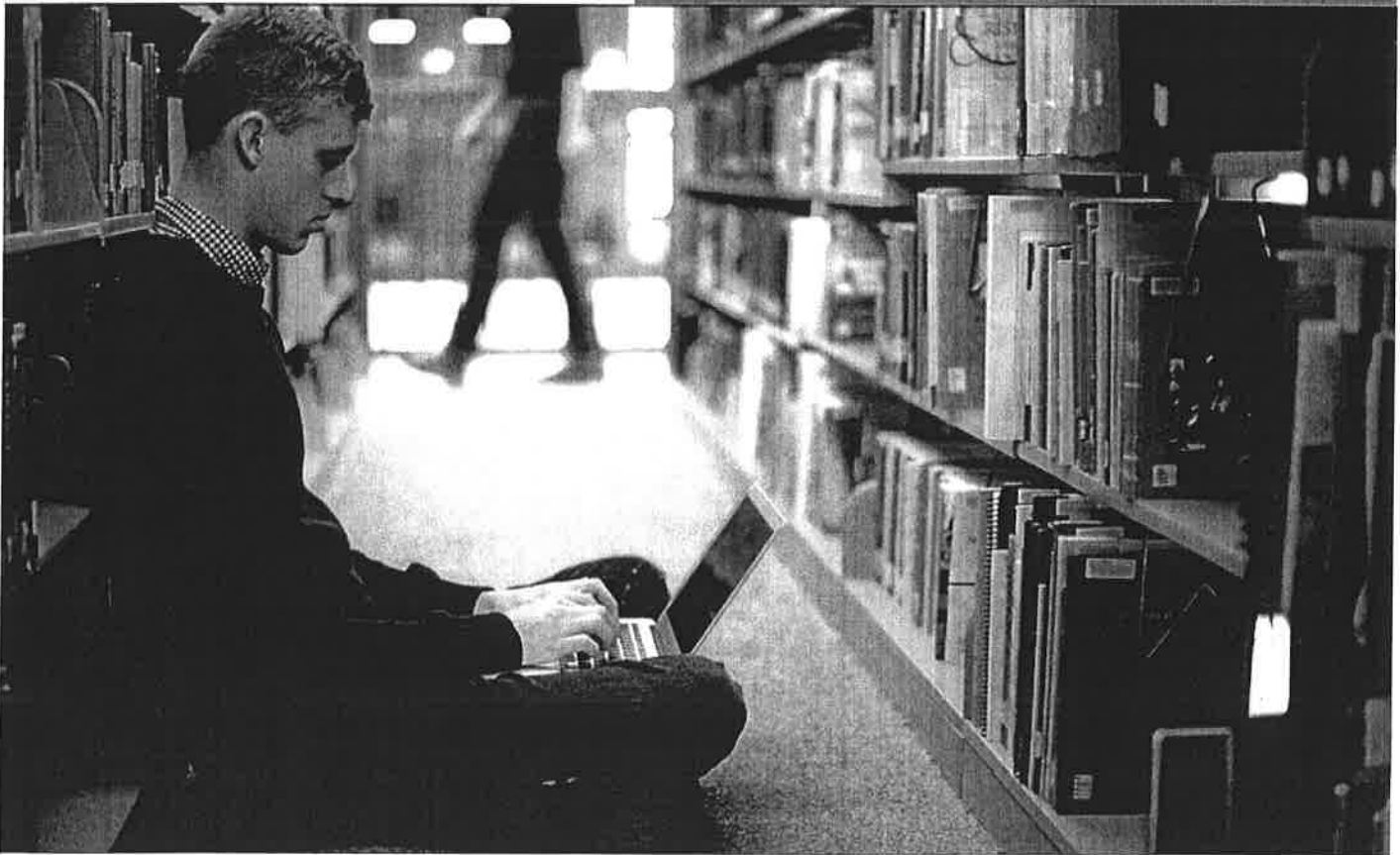
Yes  No



Test well. Do good.

Effective study tools and real-time student performance data to ensure success on the bar exam

2017 ANNUAL BENEFIT REPORT



## Summary

Esqyr is the first and only public benefit corporation focused on delivering cost-effective study tools built from previously tested materials. Test prep often sends students further into debt, while failing to offer study tools students need at a price they can afford. By donating profits to tackle student debt, Esqyr helps students "test well and do good."

Student debt continues to increase year after year. Educational costs – including the test prep used to pass a licensure exam – put students at an enormous disadvantage at the very moment they are set to begin their career. Student debt again reached historic highs in 2017, and is on pace to reach \$2 trillion by 2022 – a 700% increase since 2003.<sup>1</sup>

However, insofar as legal education is concerned, there is hope that things are changing for the better. Under legal education reforms discussed by the American Bar Association, schools would be better positioned to ensure student success and reduce student debt.<sup>2</sup> These proposed rules will require that a portion of graduates pass the bar – if they do not, a school's accreditation will be put at risk. Esqyr is well-positioned to assist schools better ensure student success if such reforms are made.

## The Esqyr Team



Chris Henjum, President

Chris graduated from the University of Minnesota Law School and the Humphrey School of Public Affairs in 2010. Following graduation, Chris experienced first-hand how exorbitant test prep costs hurt student finances—and their futures.



Michael Wilson, Lead Software Engineer

Michael graduated from the University of Wisconsin-Madison and has been involved in other successful startups. He now works for Axon. Michael joined Esqyr to create tools that help students succeed at a price they can afford.

<sup>1</sup> <http://www.demos.org/blog/4/24/14/reflecting-1-trillion-student-debt-and-why-were-headed-2-trillion>

<sup>2</sup> <http://abovethelaw.com/2016/10/aba-finally-adopts-tougher-bar-passage-standards-for-accreditation-well-almost/>



Anthony Chester, Chief  
Content Creator and  
Director of Sales

Anthony graduated from Michigan State University College of Law and currently works as an attorney at a consumer protection law firm, where he represents individuals in debt collections cases. Anthony's passion to protect consumers and individuals from unfair practices led him to join Esqyr.

## The Student Debt Crisis

Esqyr has a long-term vision to provide cost-effective study tools to students preparing for licensure in their desired profession. Esqyr launched with tools for bar exam preparation, because of that industry's notoriously high costs.

Among test prep companies, bar exam prep services are the most egregious contributors to student debt – charging up to \$4,000 for a bundled package of materials. And prices are on the rise: one bar exam prep company increased its prices 175% over the past 10 years – 75% faster than public law school tuition.<sup>3</sup>

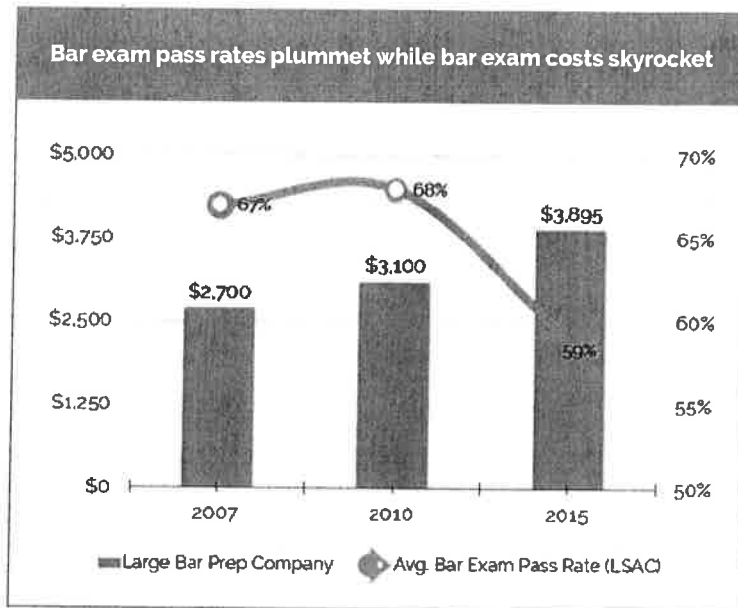
In fact, law students are the *only* students who have a private loan named after their licensure test – and it was an open question until recently whether this loan could be canceled in bankruptcy.<sup>4</sup> Lenders are more than willing to profit off of students who are at the mercy of a broken test prep market for the bar exam, and large bar exam prep companies continue to reap the benefits.

While rising tuition costs are caused by a complex mix of factors, there are few defensible reasons why the cost of test prep products – which are often needed to obtain a license or credential prior to working – continue to increase year after year:

<sup>3</sup> *Archive.org and news reports of prices for the "big two" bar prep companies.*

<sup>4</sup> <http://www.wsj.com/articles/judge-says-bankrupt-law-grads-can-cancel-bar-loans-1458941328>,  
<https://www.wellsfargo.com/student/graduate-loans/bar-exam/>

In addition to being expensive, the test prep bundles offer little flexibility or customization, often forcing students to buy extra resources they may not need. The result has not been better outcomes for students (see chart below).



Esqyr makes a difference because it gives students the freedom to choose the study tools that work for them, at a fraction of the cost of other services.

## The Esqyr Social Mission

Esqyr formed as a public benefit corporation on July 30, 2015 to assert our strong commitment to serve students, rather than just the bottom line.

As stated in our Articles of Incorporation, Esqyr's public benefit is twofold:

"First, giving a proportion of its profits to students to reduce or prevent debt related to educational costs, and/or second, to give a portion of its profits to organizations seeking to reduce student debt through systematic educational reforms."

Because the amount of profit donated impacts the price of our products, Esqyr balances two considerations: 1) delivering affordable, student-friendly products, and 2) donating profits to tackle student debt. Specifically, Esqyr donates accounts to students who face challenges paying back student debt and will donate profits to organizations working on student debt issues.

## Annual Progress Toward Social Mission

In May of 2017, in response to student and school feedback, Esqyr decided to significantly expand its offerings in order to better meet student needs. Therefore, Esqyr paused its advertising, outreach, and other business activities while our team focused solely on expanding its question bank. This report, therefore, reflects minimal changes since 2016.

Despite this hiatus, with regard to the period covered by this report (January 1, 2017 to December 31, 2017) Esqyr pursued the specific benefit purpose stated in its Articles of Incorporation in the following ways:

### **Targeting Students with Challenges Repaying Student Debt**

In its second year of sales, Esqyr focused on giving back to students and donating profits to organizations that seek to reduce student debt. In total, Esqyr donated \$1,152.40 to students in the form of needs-based discounts.

For example, Ron Brown, a recent graduate of Birmingham School of Law, benefitted from Esqyr's donations. Ron crowdfunded part of his legal education, a route many students are currently taking. Ron would "leave work in Atlanta and drive 300 miles round trip to Birmingham 3 nights a week for class," to pursue his dream of becoming a lawyer. Thanks to support from friends and family, he was able to graduate from Birmingham School of Law.

Ron turned to Esqyr for help in passing the bar, and was able to afford effective study materials for the bar exam.

### **Donations Planned for Legal Education Reform Organization**

Esqyr sought out organizations working to reform legal education in ways that will prevent student debt. Esqyr continues to partner with Law School Transparency ("LST") as its 2017 donation recipient. In 2017, Esqyr donated \$822.17 to LST.

LST in turn pursued three things using Esqyr's donation:

- First, LST sought to enact a minimum bar passage standard. This proposal will be voted on by the ABA House of Delegates, likely in February.
- Second, LST advocated to have two young lawyers on the ABA Council for the Section of Legal Education and Admissions to the Bar. Currently, there is no member on the Council who graduated law school within the last 26 years. In particular, inclusion of younger members would provide more voices in favor of addressing student debt. The vote on this is likely to occur in the next year.
- Third, LST sought to pressure the ABA Council to better pursue debt-related activities, including information on education pricing and debt. It sought state level endorsements of these measures.<sup>5</sup>

<sup>5</sup> See, <https://abovethelaw.com/2017/10/young-lawyers-deserve-seats-at-the-law-school-accreditation-table/>

LST issued a report that covers several targeted recommendations for the ABA related to data transparency, which would shed light on law student debt, inequitable pricing practices, exploitative admissions and retention choices, and persistent inequality.

In regards to the report and its outline of LST's advocacy efforts, Kyle McEntee, the director of LST, noted that "Esqyr's giving went directly to the report's funding."

### **Public Education and Outreach**

Esqyr grew its following on social media significantly. For example, in 2015, Esqyr's Tweets received just over 26,000 views. For 2017, however, Esqyr's Twitter audience grew to over 50,000 views.

On both Twitter and Facebook, Esqyr posts routinely on student debt, financial literacy, and higher education reform.

### **Continued Organization of Small Companies for Student Benefit**

The current test prep market is dominated by a few large, well-known players who offer expensive prep packages, and many smaller companies who offer one-off services or products (tutoring, flashcards, databases of state-specific materials, etc.). It is very difficult for students to find these one-off services or products, which likely leads many to sign up for services they can barely afford.

By organizing these smaller companies' offerings into one centralized resource, Esqyr greatly benefits students. By providing students with options – at thousands less than they would pay elsewhere – Esqyr helps students avoid student debt. Esqyr continued to expand its trusted partners in order to give students new options.

### **Reaching Out to Law Schools to Offer Better, More Affordable Tools**

As noted above, law schools face increasing scrutiny from the American Bar Association regarding their student bar exam passage rates. To fill this need, Esqyr created a dashboard in 2016 to allow law schools to receive real-time data on student performance and progress. In 2017, Esqyr gave administrators the ability to assign questions and receive real-time information on students.

The social impact of this tool is clear: with Esqyr's affordable study tools offering bar prep materials that students – and increasingly, schools – need, students no longer need to take out more loans to fund their bar exam prep. Schools, on the other hand, can ensure better student performance while saving students money.

## Plans for the Future

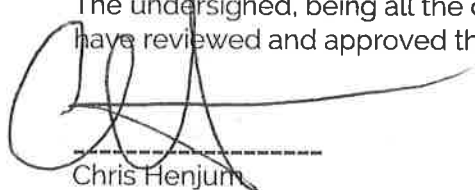
To date, Esqyr has made substantial strides to help students to "test well and do good." In the coming year, the company will expand the features of its study tools and law school dashboard and offer additional significantly more materials.

As noted above, there were circumstances that hindered Esqyr's ability to pursue its specific benefit purpose in 2017. The Esqyr team expects to release new features, with updated content in time for the February 2019 exam.

In the meantime, Esqyr will continue to donate to students and organizations to reduce student debt.

## Certification by the Board of Directors

The undersigned, being all the directors of Esqyr, hereby acknowledge and certify that we have reviewed and approved the enclosed First Annual Report.



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Chris Henjum  
President, Esqyr, SBC



**SUBMISSION:**

I, the undersigned, certify that I am the President of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.



**Work Item 1009635000035**  
**Original File Number 834850200056**

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OFFICE OF THE SECRETARY OF STATE  
FILED  
03/30/2018 11:59 PM

*Steve Simon*

Steve Simon  
Secretary of State