



APR 26 2018

Mr. Daniel Mainea
Chief Executive Officer
Advanced Computing Institute
3470 Wilshire Blvd., #1100
Los Angeles, CA 90010

Sent via UPS
Tracking # 1Z37X7Y30117591690

OPE-ID: 04210600

Dear Mr. Mainea:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Advanced Computing Institute (ACI). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an April 20, 2018 notice from the Council on Occupational Education (COE) reporting the final withdrawal of ACI's accredited status, effective April 20, 2018. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as COE, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When ACI lost its accreditation on April 20, 2018, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by ACI would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from ACI and its students and withdraws the authority of ACI to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, ACI is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. ACI is also

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, ACI may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between ACI and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from ACI to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement Unit
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. ACI is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of ACI to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. ACI lost its COE accreditation on April 20, 2018. As of that date, ACI no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of ACI's eligibility to participate in the Title IV, HEA programs will become final on May 17, 2018, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. ACI may submit both a written request for a hearing and written material indicating why the termination should not take place. If ACI chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If ACI requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. ACI is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If ACI does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by May 17, 2018, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after April 20, 2018. See 34 C.F.R. § 600.41(c)(2)(ii). The San Francisco/Seattle School Participation Division will then contact you concerning the proper procedures for closing out ACI's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of ACI's rights with respect to the emergency action or the termination action, please contact Linda Shewack at 202-377-3876, or by e-mail at Linda.Shewack@ed.gov. Ms. Shewack's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Mr. Gary Puckett, Executive Director, Council on Occupational Education via Gary.Puckett@council.org
California Bureau for Private Postsecondary Education, via bppe@dca.ca.gov
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



MAY 31 2013

Mr. Terence L. Millis
President
American College of Hairstyling-Des Moines
603 East Sixth Street
Des Moines, Iowa 50309-5446

Sent via UPS
Tracking #1ZA5467Y0192417603

OPE-ID: 00765800

Dear Mr. Millis:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against American College of Hairstyling-Des Moines (ACOH). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

Legal authority to provide an educational program beyond secondary education in the state in which a school is physically located is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See §§ 101, 102 and 498 of the HEA, 20 U.S.C. §§ 1001, 1002, and 1099c. Because ACOH lost its legal authority to provide postsecondary education in Iowa effective May 20, 2013, the institution no longer meets the definition of an eligible institution of higher education, and, therefore, no longer qualifies to participate in the Title IV, HEA programs.

This emergency action is based on a May 20, 2013 Decision and Order from the Iowa Board of Barbering (Board) suspending the license of ACOH for a period of 30 days from the date of the Decision and Order. (Enclosure 1.) Legal authority to provide an educational program beyond secondary education in the state in which a school is physically located is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See §§ 101, 102 and 498 of the HEA, 20 U.S.C. §§ 1001, 1002, and 1099c. Because ACOH lost its legal authority to provide postsecondary education in Iowa effective May 20, 2013, the institution no longer meets the definition of an eligible institution of higher education, and, therefore, no longer qualifies to participate in the Title IV, HEA programs. Any further participation in the Title IV, HEA programs by ACOH would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from ACOH and its students and withdraws the authority of ACOH to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, ACOH is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. ACOH is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, ACOH may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between ACOH and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from ACOH to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. ACOH is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of ACOH to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. ACOH lost its Iowa state authorization on May 20, 2013. As of that date, ACOH no longer met the definition of an

Mr. Terence L. Millis
American College of Hairstyling-Des Moines
Page 3

institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. See §§ 101, 102 and 498 of the HEA, 20 U.S.C. §§ 1001, 1002, and 1099c.

Termination of ACOH's eligibility to participate in the Title IV, HEA programs will become final on June 20, 2013, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. ACOH may submit both a written request for a hearing and written material indicating why the termination should not take place. If ACOH chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If ACOH requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. ACOH is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If ACOH does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by June 20, 2013, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after May 20, 2013. See 34 C.F.R. § 600.41(c)(2)(ii). The Kansas City School Participation Division will then contact you concerning the proper procedures for closing out ACOH's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of ACOH's rights with respect to the emergency action or the termination action, please contact Bonnie Gibbons at 202/377-4284, or by e-mail at www.bonnie.gibbons@ed.gov. Ms. Gibbons' facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

Enclosure

cc: Ella M. Baird, Board Director, Iowa Board of Barber Examiners, ebaird@idph.state.ia.us
Michale S. McComis, Ed.D., Executive Director, ACCSC, mccomis@accsc.org

BEFORE THE IOWA BOARD OF BARBERING

IN THE MATTER OF:
TERENCE MILLIS
License No. 00039 and 12588

NO. BA 08-001-001; 10-005
DIA NO. 11BB006

AMERICAN COLLEGE OF HAIRSTYLING
License No. 00002

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
DECISION AND ORDER**

This matter proceeded to an evidentiary hearing on April 23, 2013, before the Iowa Board of Barbering at the Lucas State Office Building in Des Moines, Iowa. Respondent Terence Millis appeared pro se. Assistant Attorney General David Van Compernelle represented the public interest. Board members Charles Wubbena, Chairperson; John Anderson; Valerie Felton, Dennis Rafdal and Gwendolyn Ecklund presided over the hearing. Administrative Law Judge Robert H. Wheeler assisted the Board. The hearing was open to the public, at the Respondent's discretion and pursuant to Iowa Code section 272C.6(1)(2011) and 645 IAC 11.32. The hearing was recorded by certified shorthand reporter Edie Spriggs Daniels. After evidence and arguments of the parties, the Board convened in closed session, pursuant to Iowa Code section 21.5(1)(f)(2011), to deliberate. The Board instructed the administrative law judge to prepare the Board's written decision, in accordance with its deliberations.

On July 26, 2011, the Iowa Board of Barbering (Board) found probable cause to file a Notice of Hearing and Statement of Charges against the Respondents: Terence Millis and the American College of Hairstyling. This disciplinary proceeding concerns the following counts:

Count I

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 22.2 and 25.2(12), with failing to post sanitation rules and the most recent inspection report in a conspicuous place.

Count II

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 22.3 and 25.2(12), with failing to display all licenses.

Count III

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 22.12, 23.6(7) and 25.2(12), with failing to disinfect electrical instruments and maintain clean barbering supplies.

Count IV

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 22.5, 23.6(7) and 25.2(12), with failing to meet building standards such as having a supply of safe hot and cold running water.

Count V

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 22.16(1), 23.6(7) and 25.2(12), with failing to have a red hazardous waste 5 bag available for use at all times when services are being performed.

Count VI

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 22.10(6), 22.11(1), 22.13, 22.16, 22.19, 23.6(7) and 25.2(12), with engaging in unsanitary practices.

Count VII

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 23.9(1) and 25.2(12), with permitting an unlicensed person to perform instructional activities that require an instructors license.

Count VIII

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 23.9(2) and 25.2(12), with failing to meet required instructor to student ratios.

Count IX

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3 (2011), and 645 IAC §§ 23.9(3)(e) and 25.2(12), with failing to identify instructors by distinct attire.

Count X

Respondents are charged under Iowa Code §§147.55, 158.12 and 272C.3(2)(a) (2011), and 645 IAC § 25.2(20), with failing to comply with a prior Board order.

THE RECORD

The record includes the Notice of Hearing and Statement of Charges, Rescheduling Orders, testimony of DIA Investigator Kimberly Groves, Board executive Susan Reynolds, Jason Kauffman and respondent's witness Jim Looker, and State Exhibits 1 through 4, which entered the record without objection.

FINDINGS OF FACT

Respondent Terence Millis holds Iowa barber license number 12588 and Iowa barber instructor license number 00039. His business, American College of Hairstyling, holds barber school license number 00002. (Exhibit 2).

On April 7, 2011, the Board opened complaints against respondent Millis and the school after receiving complaints from a former student. Jason Kauffman attended the Respondent school from January through September of 2010. Mr. Kauffman contacted the Board alleging that Mr. Millis and the school were violating applicable laws and rules. (Exhibit 2; Groves, Kauffman testimony).

The complaints were assigned to the Iowa Department of Inspections and Appeals, and Investigator Kimberly Groves conducted an investigation into Mr. Kauffman's allegations. On April 7, 2011, Investigator Groves interviewed Mr. Kauffman. Mr. Kauffman told Groves that unlicensed instructors at the American College of Hairstyling had engaged in teaching, checking and grading student's work while he was a student. Among others, Mr. Kauffman named Aneesah Shabazz as an unlicensed instructor. (Exhibit 2; Groves testimony).

On June 9, 2011, Investigator Groves visited the school. Ms. Groves inspected payroll records showing that Ms. Shabazz worked at the school from January, 6, 2010, through April of 2011. Board records showed that Ms. Shabazz received a temporary instructor permit on November 3, 2009, which expired on May 3, 2010. Ms. Shabazz did not receive her instructor's license until February 1, 2011. (Exhibit 2; Groves testimony).

Respondent Millis and the school were the subject of Board case 08-001, DIA case 09DPHBE001. In that matter, after a hearing, the Board found that the school and Mr. Millis employed unlicensed instructors, and ordered two years' probation with quarterly reports by Mr. Millis listing the names, license numbers and expiration dates for all employees. Pursuant to this order, Mr. Millis filed a report on June 5, 2010, listing Ms. Shabazz as an instructor. The report listed a temporary permit, but no expiration date. The Board wrote to Mr. Millis on June 14, 2010, stating that Ms. Shabazz' temporary permit had expired on May 3, 2010, and that he was not in compliance with the Board's order. The next quarterly report, dated September 10, 2010, still listed Ms. Shabazz as an instructor with a license number and no expiration date. The Board again advised him that Ms. Shabazz did not have a license or a temporary permit. (Exhibits 2, 3; Reynolds testimony).

During the June 9, 2010, visit, Investigator Groves also noted other violations. Ms. Groves could not initially identify the instructors by their attire. Two instructors on duty were dressed like the students. One of the instructors, Gary Seronko, did not have his license posted in view. The sanitation rules and the most recent inspection report were not posted in view. Mr. Millis

could not locate the inspection report. Investigator Groves also identified sanitation issues. Most of the stations did not have enough disinfectant to cover the tools that were soaking in it. Some stations had no disinfectant at all. Sink strainers contained dirt, hair, chewed gum and a paper clip. Some sinks had hair clippings around the faucet handles, and one sink leaked water onto the floor where an electrical cord and strip sat. No red biohazard bag for contaminated supplies could be located. (Exhibit 2; Groves testimony).

Jim Looker is the director of the American College of Hairstyling. Mr. Looker was present at the school when Investigator Groves made her inspection on June 9, 2010. Mr. Looker admitted most of the sanitation violations, but pointed out that things were different now. Following that inspection he now inspects the school nightly and insures that all jars of disinfectant are full. The sanitation rules, which had been located near the office, were moved to a prominent posting. An instructor's license was moved from the office to a visible posted location. The leaking sinks were repaired, and the electrical cord was moved from the puddle as soon as it was pointed out. No replacement biohazard bags were present because the foot pedal on the receptacle had been broken. The pedal was repaired within two weeks of the inspection. Mr. Looker stated that Mr. Kauffman was a disgruntled former student who complained about everything. However, Mr. Kauffman enrolled at another school after leaving the American College of Hairstyling and completed his studies without incident. (Looker, Kauffman testimony).

Regarding Ms. Shabazz working as an instructor while unlicensed, Mr. Looker stated that she initially had a temporary permit. When she failed the instructor's examination she was reassigned to the cash register and did not teach or check students' work. This testimony is not credible, as it is inconsistent with the other evidence in the case. Mr. Millis continued to list Ms. Shabazz as an instructor on his quarterly reports during this time, even after the Board told him that he could not employ unlicensed instructors. Mr. Kauffman testified credibly that Ms. Shabazz worked as an instructor while unlicensed and checked his work. Mr. Kauffman also pointed out that Mr. Looker would move Ms. Shabazz to non-instructor work only when he thought a Board inspection was about to occur. (Looker, Kauffman testimony).

Susan Reynolds is the Executive Director of the Iowa Board of Barbering. Ms. Reynolds is familiar with Mr. Millis and the American College of Hairstyling through past disciplinary cases before the Board. In case 08-001, 09DPHBE001, Mr. Millis and the school were found to have violated the rules regarding employing unlicensed instructors, unsanitary practices, and failure to comply with Board orders. That case resulted in a two year probation period during which Mr. Millis failed to comply with the terms and conditions of probation. He filed late and incomplete quarterly reports and continued to list an unlicensed person as an instructor at the school. (Reynolds testimony).

CONCLUSIONS OF LAW

The legislature has authorized the Board to discipline licensees for acts or offenses specified by Board rule. Iowa Code section 147.55(9)(2011). The legislature has further authorized the Iowa Department of Public Health to prescribe sanitary rules for barbershops and barber schools, to include the sanitary conditions necessary for the practice of barbering and for the prevention of infectious and contagious diseases. Iowa Code section 158.5. The Department of Public Health has promulgated rules governing sanitation at 645 IAC chapter 22. Iowa Code section 158.12 specifically authorizes the Board to suspend, revoke, or deny the renewal of any license issued under the provisions of chapter 158 for any violation of chapter 158 or any violation of the rules of the Board.

Count I: *Failing To Post Most Current Sanitation Rules and Inspection Report*

645 IAC 22.2 requires a copy of the most current sanitation rules and the most recent inspection report to be posted in a conspicuous place in the barbershop for the information and guidance of all persons employed therein and the general public. The preponderance of the evidence established that the most current sanitation rules were not posted in a conspicuous location at the American College of Hairstyling on June 9, 2010. The American College of Hairstyling and owner Respondent Terence Millis violated 645 IAC 22.2.

Count II: *Failing to Display Licenses*

645 IAC 22.3 requires that the original license certificates, duplicate certificates, reissued certificates or temporary permits for each licensee and temporary permit holders employed by the barbershop or barber school shall be posted and visible to the public. The preponderance of the evidence established that all licenses were not so posted. The Respondents admitted that all licenses were not posted and visible. American College of Hairstyling and owner Respondent Terence Millis violated 645 IAC 22.3.

Count III: *Failing to Disinfect Electrical Instruments and Maintain Clean Barbering Supplies*

645 IAC 22.10(6) requires all licensees to practice universal precautions, including disinfecting all instruments or implements that do not penetrate or puncture the skin. 645 IAC 22.12(1) requires all nonelectrical instruments to be disinfected with an EPA-registered disinfectant with demonstrated bactericidal, fungicidal, and virucidal activity before use on any client. 645 IAC 22.12(2) requires all instruments that have been used on a client or soiled in any manner to be placed in a proper receptacle. 645 IAC 22.12(3) requires all disinfected instruments to be stored in a clean, covered place. 645 IAC 22.13 requires electrical instruments to be disinfected with an EPA-registered disinfectant prior to each use. The preponderance of the evidence

established that American College of Hairstyling and owner Respondent Terence Millis violated 645 IAC 22.10(6), 22.12(1)-(3) and 22.13 by failing to properly disinfect and store barber instruments and supplies. The investigator documented that there were hair clippings on clippers, heads, shears, in sinks, on faucets and in drawers. The instruments in the jar were not fully immersed in the disinfectant.

Count IV: Failing to Meet Building Standards

645 IAC 22.5(2) requires barbershops and schools to provide a supply of hot and cold running water and toilet facilities. The Board did not hear evidence of violations of this rule. Therefore, the preponderance of the evidence failed to establish that Respondents violated Iowa Code section 158.12 and 645 IAC 25.2(12) and 22.5(2).

Count V: Failure To Have Hazardous Waste Containers Available

645 IAC 22.16(3) provides that hazardous waste containers and bags shall be available for use at all times when services are being performed, and the absence of containers shall be prima facie evidence of noncompliance. The preponderance of the evidence established that there were no red hazardous waste bags at American College of Hairstyling at the time of the June 9, 2010, inspection, and that, therefore, American College of Hairstyling and owner Respondent Terence Millis, were in violation of 645 IAC 22.16(3).

Count VI: Unsanitary Practices

645 IAC 22.10(6) requires all licensees to disinfect all instruments or implements that do not penetrate or puncture the skin. 645 IAC 22.11(1), requires all barbershops and barber schools to provide at least one covered waste receptacle for the disposal of all waste, including hair; 645 IAC 22.13 provides that all electrical instruments, excluding curling irons, shall be disinfected prior to each use with an EPA-registered disinfectant with demonstrated bactericidal, fungicidal, and virucidal activity and used according to the manufacturer's instructions. 645 IAC 22.16 provides that hazardous waste containers and bags shall be available for use at all times when services are being performed. The absence of containers shall be prima facie evidence of noncompliance. The preponderance of the evidence established that American College of Hairstyling and owner Respondent Terence Millis, were in violation of 645 IAC 22.10(6), 645 IAC 22.11(1), 645 IAC 22.13 and 645 22.16(3) on June 9, 2010.

Count VII: Employing Unlicensed Instructors

Iowa Code section 158.7 provides that any person employed as a barbering instructor in a licensed barber school shall be a licensed barber and shall possess a separate instructor's

license which shall be renewed annually. 645 IAC 23.9(1) requires all instructors in a barber school to be licensed by the department. The preponderance of the evidence established that American College of Hairstyling and owner Respondent Terence Millis, violated 645 IAC 23.9(1) by employing Aneesah Shabazz as an instructor after the expiration of her temporary permit and after her failure of the instructor's exam.

Count VIII: Failure to Meet Instructor to Student Ratios

645 IAC 23.9(2) requires the number of instructors for each barber school to be based upon total enrollment, with a minimum of two instructors employed on a full-time basis for up to thirty students and one additional instructor for each additional fifteen students or fraction thereof. The Board did not hear evidence of the instructor to student ratios and finds that a preponderance of the evidence did not establish a violation of this rule by the Respondents.

Count IX: Failure to Identify Instructors by Distinct Attire

645 IAC 23.9(3)(e) requires that 23.9(3) instructors shall be attired in distinct and identifiable attire. A preponderance of the evidence established that instructors failed to dress distinctively at the time of the inspection on June 9, 2010. Therefore, American College of Hairstyling and owner Respondent Terence Millis violated 645 IAC 23.9(3)(e).

Count X: Fail To Comply With Board Order

645 IAC 25.2(20) provides that the board may impose any of the disciplinary sanctions provided in rule 645-25.3 when the board determines that the licensee has failed to comply with a board order or with the terms of a settlement agreement or consent order. The preponderance of the evidence established that Respondent violated 645 IAC 25.2(20) when the school continued to operate with unlicensed instructors and in violation of the Board's sanitation rules. On January 26, 2009, American College of Hairstyling and owner Respondent Terence Millis had entered into a Settlement Agreement and specifically agreed to comply with all board rules and regulations applicable to barber schools.

Sanction

The Board considered the following factors in determining the nature and severity of the disciplinary sanction to be imposed: the relative serious nature of the violation as it relates to assuring citizens of this state a high standard of professional care; any extenuating facts or other countervailing considerations; the number of prior violations or complaints; the seriousness of prior violations or complaints; whether remedial action has been taken; and such other factors as may reflect upon the competency, ethical standards, and professional conduct of the licensee. 645 IAC 13.2.

The multiple violations in this case are serious and they directly relate to public health and safety. This is not the first disciplinary action that the Board has taken against the Respondents. The Board notes prior disciplinary case 08-001, which resulted in a two year probation with terms and conditions. The Respondents repeatedly failed to comply with the probation conditions and with the Board's rules.

DECISION AND ORDER

IT IS THEREFORE ORDERED that the License No. 00039 and 12588 of Respondent Terence Millis and License No. 00002 of the American College of Hairstyling are suspended for a period of 30 days from that date of this Decision and Order.

IT IS FURTHER ORDERED that Respondent Terence Millis shall pay a civil penalty of one thousand dollars (\$1,000) within thirty (30) days of the date of this Decision and Order.

IT IS FURTHER ORDERED, pursuant to Iowa Code section 272C.6, that Respondents Terence Millis and the American College of Hairstyling shall pay \$75.00 for fees associated with the disciplinary hearing and \$178.75 for the court reporter fees. The total fees of \$253.75 shall be paid within thirty (30) days of receipt of this decision.

IT IS FURTHER ORDERED that the Respondents may not apply for reactivation or reinstatement of the respective licenses following the 30 day suspension until the \$1000 civil penalty and the \$253.75 hearing fee have been paid in full.

Dated this 20th day of May, 2013.

(b)(6)

Charles Wubbena, Chair
Iowa Board of Barbering

Pursuant to Iowa Code section 17A.19(2011) and 645 IAC 11.29, any appeal to the district court from a decision in a contested case shall be taken within 30 days from the issuance of the decision by the board. The appealing party shall pay the full costs for the transcript of the hearing. 645 IAC 11.23.

cc: David Van Compernelle, Assistant Attorney General



APR 18 2013

Mr. Doyle B. Sheets
President
American Commercial College
402 Butternut Street
Abilene, TX 79602-1399

Sent via UPS
Tracking #1ZA5467Y0191708345

OPE-ID: 01005700

Dear Mr. Sheets:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against American Commercial College (ACC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an April 4, 2013 notice from the Accrediting Council for Independent Colleges and Schools (ACICS) reporting the final withdrawal of ACC's accredited status, effective April 2, 2013. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as ACICS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When ACC lost its accreditation on April 2, 2013, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by ACC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from ACC and its students and withdraws the authority of ACC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, ACC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a

Federal Student
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St. N.E. Washington, D.C. 20002-8019

commitment for aid under the campus-based programs. ACC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, ACC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between ACC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from ACC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. ACC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of ACC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. ACC lost its ACICS accreditation on April 2, 2013. As of that date, ACC no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of ACC's eligibility to participate in the Title IV, HEA programs will become final on May 8, 2013, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. ACC may submit both a written request for a hearing and written

Mr. Doyle B. Sheets
American Commercial College
Page 3

material indicating why the termination should not take place. If ACC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice. If ACC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. ACC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If ACC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by May 8, 2013, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after April 2, 2013. See 34 C.F.R. § 600.41(c)(2)(ii). The Dallas School Participation Team will then contact you concerning the proper procedures for closing out ACC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of ACC's rights with respect to the emergency action or the termination action, please contact John Rochelle at 202-377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

(Enclosure 1.)

cc: Dr. Albert C. Gray, Executive Director, ACICS
Dr. Raymund A. Paredes, Commissioner, TX Higher Education Coordinating Board



MAR 31 2015

Ms. Tamara Harrison
President
Arkansas Beauty School - Conway
1061 Markham Street
Conway, AR 72032-4354

Sent via UPS
Tracking #1ZA879640198917393

OPE-ID: 03007600

Dear Ms. Harrison:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Arkansas Beauty School - Conway (ABS). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a March 13, 2015 notice from the National Accrediting Commission of Career Arts and Sciences (NACCAS) reporting the voluntary relinquishment by ABS of its accredited status, effective March 13, 2015. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When ABS relinquished its accreditation on March 13, 2015, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by ABS would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from ABS and its students and withdraws the authority of ABS to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, ABS is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

Program, or by issuing a commitment for aid under the campus-based programs. ABS is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, ABS may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between ABS and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from ABS to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. ABS is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of ABS to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. ABS relinquished its NACCAS accreditation on March 13, 2015. As of that date, ABS no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Ms. Tamara Harrison
Arkansas Beauty School - Conway
Page #3

Termination of ABS's eligibility to participate in the Title IV, HEA programs will become final on April 20, 2015, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. ABS may submit both a written request for a hearing and written material indicating why the termination should not take place. If ABS chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If ABS requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. ABS is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If ABS does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by April 20, 2015, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after March 13, 2015. See 34 C.F.R. § 600.41(c)(2)(ii). The Dallas School Participation Division will then contact you concerning the proper procedures for closing out ABS's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of ABS's rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Robin S. Minor
Acting Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Tony Mirando, Executive Director, NACCAS
Ms. Kelli Kersey, Section Chief, AR Department of Health (Cosmetology)
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



FEB 16 2012

Dr. Edgar B. Schick
President
Baltimore International College
17 Commerce Street
Baltimore, MD 21202-3230

Sent via UPS
Tracking #1ZA5467Y0197538527

OPE-ID: 02314800

Dear Dr. Schick:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Baltimore International College (BIC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a December 19, 2011, notice from the Middle States Commission on Higher Education (MSCHE) reporting the final withdrawal of BIC's accredited status, effective December 31, 2011. Accreditation by a nationally recognized accrediting agency, such as MSCHE, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When BIC lost its accreditation on December 31, 2011, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by BIC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from BIC and its students and withdraws the authority of BIC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington, DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

(Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, BIC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. BIC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, BIC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between BIC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from BIC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. BIC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of BIC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. BIC lost its MSCHE accreditation on December 31, 2011. As of that date, BIC no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of BIC's eligibility to participate in the Title IV, HEA programs will become final on March 7, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. BIC may submit both a written request for a hearing and written material indicating why the termination should not take place. If BIC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If BIC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. BIC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If BIC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by March 7, 2012, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after December 31, 2011. See 34 C.F.R. § 600.41(c)(2)(ii). The Philadelphia School Participation Team will then contact you concerning the proper procedures for closing out BIC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of BIC's rights with respect to the emergency action or the termination action, please contact John Rochelle at 202-377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely

(b)(6)

Mary H. Gust
Director

Administrative Actions and Appeals Service Group

cc: Dr. Elizabeth H. Sibolski, President, MSCHE
Susan Blanshan, Director, MHEC



MAR 23 2012

Mr. Terry Yarbrough
President
Bee-Jay's Hairstyling Academy
1907 Hinson Loop
Little Rock, AR 72212

Sent via UPS
Tracking#1ZA5467Y0193460019
OPE-ID: 02260400

Dear Mr. Yarbrough:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Bee-Jay's Hairstyling Academy (Bee-Jay's). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.


This emergency action is based on a March 20, 2012 notice from the National Accrediting Commission of Career Arts and Sciences (NACCAS) reporting the final withdrawal of Bee-Jay's accredited status, effective March 19, 2012. Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When Bee-Jay's lost its accreditation on March 19, 2012, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by Bee-Jay's would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from Bee-Jay's and its students and withdraws the authority of Bee-Jay's to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, Bee-Jay's is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington, DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. Bee-Jay's is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, Bee-Jay's may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between Bee-Jay's and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from Bee-Jay's to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. Bee-Jay's is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of Bee-Jay's to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. Bee-Jay's lost its NACCAS accreditation on March 19, 2012. As of that date, Bee-Jay's no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of Bee-Jay's eligibility to participate in the Title IV, HEA programs will become final on April 12, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. Bee-Jay's may

submit both a written request for a hearing and written material indicating why the termination should not take place. If Bee-Jay's chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If Bee-Jay's requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. Bee-Jay's is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If Bee-Jay's does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by April 12, 2012, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after March 19, 2012. See 34 C.F.R. § 600.41(c)(2)(ii). The Dallas School Participation Team will then contact you concerning the proper procedures for closing out Bee-Jay's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of Bee-Jay's rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

cc: Dr. Tony Mirando, Director, NACCAS
Ms. Kelli Kersey, Director, Arkansas Department of Health (Cosmetology)



DEC 31 2013

Ms. Betty Kennard
President
Bellingham Beauty School
4192 Meridian Street
Bellingham, WA 98226

Sent via UPS
Tracking #1ZA879640194769793

OPE-ID: 01309400

Dear Ms. Kennard:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Bellingham Beauty School (BBS). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. §§ 600.41(a)(3) and 668.83.

This emergency action is based on your December 6, 2013 filing for Chapter 11 bankruptcy protection in the Eastern District of Washington (Docket Number 13-04794-FLK11). You are the sole owner of Bellingham Beauty School, Inc., which is the sole owner of BBS. Section 102(a)(4)(A) of the HEA specifically provides that an institution is not an eligible institution for purposes of participating in the student financial assistance programs authorized by Title IV of the HEA if an affiliate of the institution that has the power by ownership interest to direct or cause the direction of the management or policies of the institution has filed for bankruptcy. See 20 U.S.C. § 1002(a)(4)(A); see also 34 C.F.R. § 600.7(a)(2)(A). As the sole shareholder you are in a relationship of control with BBS, and are therefore such an affiliate of the institution.

Since you filed for bankruptcy on December 6, 2013, BBS no longer meets the definition of an institution of higher education, and, therefore, under § 487(a), BBS is no longer eligible to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a). Therefore, any further participation in the Title IV, HEA programs by BBS would constitute a violation of statutory provisions of Title IV of the HEA and a misuse of federal funds, and the likelihood of loss outweighs the importance of awaiting completion of the procedures for termination of its Title IV eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from BBS and its students and withdraws the authority of BBS to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and the William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Administrative Actions and Appeals Service Group
820 First St., NE, Washington, DC 20002-2014
gs.fsa@ed.gov

Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, BBS is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. BBS is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, BBS may not release to students Direct Loan program proceeds and must return any loan proceeds to the Department. Finally, unless other arrangements are agreed to between BBS and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from BBS to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE- UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. BBS is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of BBS to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. That is, we are taking this termination action because you filed for bankruptcy on December 6, 2013. As of that date, BBS no longer met the definition of an institution of higher education, and, therefore,

under § 487(a)(1) of the HEA, no longer qualified to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a).

Termination of BBS's eligibility to participate in the Title IV, HEA programs will become final on January 21, 2014, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. BBS may submit both a written request for a hearing and written material indicating why the termination should not take place. If BBS chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If BBS requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. BBS is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If BBS does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by January 21, 2014, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after the date of loss of eligibility. See 34 C.F.R. § 600.41(c)(2)(ii). The San Francisco/Seattle School Participation Division will then contact you concerning the proper procedures for closing out BBS's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of BBS's rights with respect to the emergency action or the termination action, please contact Kerry O'Brien at 303/844-3319, or by e-mail at Kerry.O'Brien@ed.gov.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

cc: Tony Mirando, Executive Director, NACCAS, via amirando@naccas.org
Ben Rogers, Cosmetology Program Manager, Washington State Department of Licensing, via berogers@dol.wa.gov



JUN 6 2013

Mr. Dirk S. McCuiston
President/CEO
Boulder College of Massage Therapy
6255 Longbow Drive
Boulder, CO 80301

SENT VIA UPS
#1Z A54 67Y 01 9413 8938
OPE-ID: 03013100

Dear Mr. McCuiston:

This is to inform you that the United States Department of Education (Department) is hereby imposing an emergency action against Boulder College of Massage Therapy (BCMT). The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(G), and the procedures for emergency action set forth in the Student Assistance General Provisions regulations at 34 C.F.R. § 668.83, for the reasons identified in Part I of this letter. As explained in Part II of this letter, for these same reasons, the Department intends to terminate the eligibility of BCMT to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). Finally, for the reasons set forth in Part III of this letter, the Department intends to fine BCMT \$25,000.

I.

Under this emergency action, the Department withholds funds from BCMT and its students and withdraws BCMT's authority to obligate and disburse funds under the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program, and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, BCMT is barred from initiating commitments of Title IV, HEA program aid to students, whether by accepting Student Aid Reports (SARs) under the Pell Grant Program, certifying an application for a loan under the Direct Loan Program, or issuing a commitment for aid under the campus-based programs. BCMT is also barred from using its own funds or Federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, or to credit student accounts with respect to such assistance. Further, BCMT may not release to students Direct Loan Program proceeds and must return any loan proceeds to the Department. Finally, unless other arrangements are agreed to between BCMT and the Department, BCMT may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action remains in effect.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

In order to take an emergency action against an institution, a designated Department official must determine that immediate action is necessary to prevent misuse of Federal funds, and that the likelihood of loss outweighs the importance of awaiting the outcome of the regulatory procedures prescribed for limitation, suspension, or termination actions. As the designated Department official, I have determined that immediate action is necessary to prevent misuse of Federal funds, and that the likelihood of loss outweighs the importance of these regulatory procedures for limitations, suspensions, or termination.

I have based this decision upon reliable information received from the Department's Chicago/Denver School Participation Division (SPD) that indicates that BCMT has severely breached its fiduciary duty to the Department, and has failed to meet the standards of financial responsibility. Based on these violations as set forth below, I have determined that an emergency action against BCMT is warranted.

A. BCMT HAS BREACHED ITS FIDUCIARY DUTY TO THE DEPARTMENT

An institution may participate in the Title IV, HEA programs only if the institution executes a program participation agreement (PPA) with the Secretary of Education (Secretary). The PPA conditions the continued participation of the institution upon compliance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA, including the requirement that the institution use funds it receives under any Title IV, HEA program and any interest or other earnings thereon, solely for the purposes specified in and in accordance with that program. 34 C.F.R. § 668.14(a)(1),(b)(1). BCMT's most recent PPA was executed by the Department on March 27, 2012.

By entering into the PPA, BCMT and its officers accepted the responsibility to act as fiduciaries in the administration of the Title IV, HEA programs. As fiduciaries, the institution and officers are subject to the highest standard of care and diligence in administering the Title IV, HEA programs and in accounting to the Secretary for the funds received. 34 C.F.R. § 668.82(a) and (b).

The Department has established cash management regulations in 34 C.F.R. Part 668, Subpart K which set forth the rules and procedures under which a participating institution requests, maintains, disburses, and otherwise manages Title IV, HEA program funds. These regulations are intended to promote sound cash management of Title IV, HEA program funds by an institution, minimize the financing costs to the federal government of making Title IV, HEA program funds available to a student or an institution, and minimize the costs that accrue to a student. 34 C.F.R. § 668.161(a)(1).

These regulations specifically provide that with the exception of funds received by an institution for administrative expenses and funds used for the Job Location and Development Program under the FWS Program, funds received by an institution under the Title IV, HEA programs are

held in trust for the intended student beneficiaries or the Secretary, and that the institution, as a trustee of federal funds, may not use or hypothecate (*i.e.*, use as collateral) Title IV, HEA program funds for any other purpose. 34 C.F.R. § 668.161(b).

Prior to April 26, 2013, the Department provided funds to BCMT through the advance payment method described at 34 C.F.R. § 668.162(b).¹ Under this method, in order to receive Title IV, HEA program funds, an institution must first request the funds from the Department. The institution's request for funds may not exceed the amount of funds the institution needs immediately for disbursements the institution has made or will make to eligible students and parents. If the Department accepts the request, the Department initiates an electronic funds transfer (EFT) of that amount to a bank account designated by the institution. The institution must disburse the funds requested as soon as administratively feasible but no later than three business days following the date the institution receives those funds. *See* 34 C.F.R. § 668.162(b)(1)-(3).

Institutions use the Department's G5 payment system to request payments, adjust drawdowns, and return funds. G5 provides continuous access to current grant and payment information, such as authorized amounts,² cumulative drawdowns, current available balances,³ and payment histories. Institutions under the advance payment method receive an initial Direct Loan authorization, which is based on the institution's program disbursements from the previous award year, prior to the first day of the award year, which is July 1. As an institution submits Direct Loan disbursement records, the Department's Common Origination and Disbursement (COD) system tracks the total accepted and posted amounts against the institution's authorized amount. Each time the institution's total disbursements exceed the institution's authorization, the COD system gives the institution an automatic authorization increase up to the level of the institution's net accepted and posted disbursements. The institution may also request a funding level increase to increase the amount of Title IV, HEA program funds available for it to draw.

As set forth in more detail in Section I(B) below, in a letter dated January 4, 2013, the Chicago/Denver SPD notified BCMT that in order to continue its participation in the Title IV, HEA programs, it must provide the Department with an irrevocable letter of credit (LOC) in the amount of \$653,525, acceptable and payable to the Secretary, in accordance with the LOC alternative to the standards of financial responsibility set forth at 34 C.F.R. § 668.175(b). (Enclosure 1.) The LOC was due to the Department within 75 calendar days from the date of the letter, or by March 21, 2013. On March 18, 2013, BCMT requested that the Department reduce the amount of the LOC and extend the due date until May 21, 2013. (Enclosure 2.)⁴ After reviewing BCMT's submission, the SPD, on March 26, 2013, notified BCMT that it had

¹ On April 26, 2013, the Department transferred BCMT to the Heightened Cash Monitoring 2 (HCM2) method of payment. The Department has sole discretion to determine the method under which it provides Title IV, HEA program funds to an institution.

² An institution's authorization is the amount of Title IV, HEA program funds for which the institution is currently eligible. A separate authorization is maintained for each program by award year.

³ An institution's available balance is the amount of cash an institution has available to draw down through G5. It is the difference between the authorized amount and the institution's net drawdowns to date.

⁴ A voluminous attachment to the request has been omitted because it is not directly relevant to the Department's response.

affirmed the determination that an irrevocable LOC in the amount of \$653,525 was required. (Enclosure 3.) The Department informed BCMT that if the LOC was not received by April 25, 2013, the Department would consider BCMT to be not financially responsible.

On April 23, 2013, Mr. Mel Huffaker of West & Company, who had been in the process of conducting BCMT's annual A-133 audit, called SPD staff to inform the Department that his firm was resigning from the audit because they could no longer trust those in governance at the institution. Mr. Huffaker stated that on April 22, 2013, while he and another auditor were on site, you informed him that you wanted to draw down BCMT's available Title IV, HEA program authorization and use it to obtain the required LOC. Mr. Huffaker reported that he informed you at that time that you could not draw down Title IV, HEA program funds when there were no corresponding active student disbursement records in the COD system. Then, on April 23, 2013, when Mr. Huffaker asked you for an external awards report, you responded by asking if the report should cover the period through April 22, 2013 or through the current day, April 23, 2013. When Mr. Huffaker informed you that he wanted it run up through April 23, 2013, you admitted to him that you had drawn down all of the available 2011/12 and 2012/13 Title IV, HEA program funds available to BCMT, which totaled approximately \$410,000. Mr. Huffaker sent an email to SPD staff later on April 23, 2013 regarding these events. See Enclosure 4.

Also on April 23, 2013, you contacted SPD staff and sent two emails indicating that you wanted to cancel requests for funds that you had submitted, but were unable to do so. (Enclosures 5A and 5B.) Later, at 7:36 PM on April 23, 2013, after speaking with SPD staff, you sent an email to the Department with the subject line "explanation of funds originated from G5 in excess of COD packaging" in which you offered an explanation for your actions. (Enclosure 6.) In this email you admitted that at about 8:30 PM on the evening of April 22, 2013, you drew down all of the Title IV, HEA program funds available to the institution. Although you claimed that you did so in order to disburse funds to students and denied that you intended to use the funds to obtain an LOC, you did not dispute that at the time of the draw, Title IV, HEA funds had not been awarded to eligible students to substantiate the amount drawn. Then, on April 24 and 25, 2013, you provided the SPD with further explanation, and with evidence showing that your bank was sending the funds back to the Department. (Enclosures 7A, 7B, and 7C.) The Department has confirmed receiving the funds on April 29, 2013.

BCMT expressly agreed in its PPA that as a fiduciary responsible for administering Federal funds, if it was permitted to request funds under the Title IV, HEA program advance payment method, the institution would time its requests for funds to meet only the institution's immediate Title IV, HEA program needs. 34 C.F.R. § 668.14(b)(2). The fiduciary standard of conduct also required BCMT to safeguard the Title IV, HEA funds it received as a participant in the Title IV, HEA programs, and to ensure those funds were used only for the purposes for which those funds were intended.

Based upon the facts, the Department has concluded that in violation of the applicable Title IV cash management regulations, BCMT knowingly drew down Title IV, HEA funds that it was not then entitled to receive, and only returned the funds because the auditors learned of the institution's misconduct. BCMT therefore breached its fiduciary duty to the Department and

cannot be trusted to administer the Title IV, HEA programs in accordance with the regulations. The emergency action regulation at 34 C.F.R. § 668.83(c)(2)(i) specifically identifies an institution's procurement of Title IV, HEA program funds in an amount that exceeds the amount for which its students are eligible as a violation of a Title IV, HEA program requirement that causes misuse and the likely loss of Title IV, HEA program funds. An emergency action is therefore warranted.

B. BCMT FAILS TO MEET THE STANDARDS OF FINANCIAL RESPONSIBILITY

To continue participation in any Title IV, HEA program, an institution must demonstrate to the Department that it is financially responsible under the standards set forth at 34 C.F.R. Part 668, Subpart L. To satisfy the general standard of financial responsibility set forth at 34 C.F.R. § 668.171(b)(1), a private nonprofit institution such as BCMT must demonstrate that its Equity, Primary Reserve and Net Income Ratios yield a composite score of at least 1.5 out of a possible 3.0. The SPD's review of BCMT's audited financial statements for the fiscal year ended (FYE) December 31, 2011, however, disclosed that BCMT's Equity, Primary Reserve and Net Income ratios, calculated as provided in 34 C.F.R. § 668.172(b), yielded a composite score of only 0.1. The review also disclosed that BCMT failed the general standard of financial responsibility set forth at 34 C.F.R. § 668.171(b)(3), as it had failed to make indebtedness payments required under a Mortgage and Loan Agreement, and therefore was not current in its debt payments. The review further disclosed that BCMT failed the audit opinion requirement for financial responsibility set forth at 34 C.F.R. § 668.171(d)(1), as its auditor expressed substantial doubt about the continued existence of the institution as a going concern, which the Department determined had significant bearing on the institution's financial condition. (Enclosures 8A and 8B.)

As an alternative to meeting the standards of financial responsibility under 34 C.F.R. § 668.171(b) and (d), an institution that currently participates in the Title IV, HEA programs may qualify to meet the financial responsibility standards under 34 C.F.R. § 668.175. As previously discussed, to permit BCMT to continue its participation in the Title IV, HEA programs under this alternative financial responsibility standard, on January 4, 2013, the SPD required BCMT to provide the Department with an irrevocable LOC in the amount of \$653,525, acceptable and payable to the Secretary. The LOC was due within 75 calendar days of the date of the letter (by March 21, 2013).

On March 18, 2013, BCMT submitted a letter and attachments to the SPD in which the institution requested that the Department extend the March 21, 2013 deadline for submission of the LOC to May 21, 2013, and that the amount of the LOC be reduced to \$150,000. After considering BCMT's submission, the SPD informed BCMT that based on the analysis of the additional information provided, the Department had affirmed the determination that an LOC in the amount of \$653,525 was required as a condition of continued participation in the Title IV, HEA programs. The Department provided BCMT until April 25, 2013 to provide the LOC, and warned BCMT that if it did not provide the letter of credit within that timeframe, the institution would be considered to be not financially responsible. As of the date of this letter, BCMT has

not provided the required LOC, and therefore does not meet the standards of financial responsibility.

The Department's standards of financial responsibility were established to ensure that only institutions which are sound and financially capable of meeting their educational and administrative responsibilities are allowed to participate in the Title IV, HEA programs. The Department requires LOCs in order to protect students and taxpayers and ensure that funds are available to cover liabilities, including repayment of unearned Title IV, HEA program funds, arising from an institution's participation in those programs. Therefore, in conjunction with BCMT's improper drawdown of Title IV funds, BCMT's failure to demonstrate financial responsibility through its failure to provide the required surety warrants an emergency action.

This emergency action is effective on the date of this letter, which is the date of mailing, and will remain in effect until either a decision to remove the emergency action is issued in response to a request from BCMT to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated by Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA program funds.

BCMT may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please submit a request to me via the U.S. Postal Service or an express mail service at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Program Compliance
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If BCMT requests a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to a hearing officer, who will conduct the hearing. BCMT is entitled to be represented by counsel at the hearing and otherwise during the show cause proceeding.

II.

The Department also intends to terminate BCMT's eligibility to participate in the Title IV, HEA programs for all the reasons stated in Part I of this notice. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs. Initiation of this termination action means that the emergency action will remain in effect until completion of the termination proceeding, unless the emergency action

is otherwise lifted. 34 C.F.R. § 668.83(f)(1). The termination proceeding includes any appeal to the Secretary.

The eligibility of BCMT to participate in the Title IV, HEA programs will terminate on June 26, 2013, unless I receive by that date a request for a hearing or written material indicating why the termination should not take place. BCMT may submit both a written request for a hearing and written material indicating why the termination should not take place. If BCMT chooses to request a hearing or to submit written materials, you must write to me at the address in Part I of this letter.

If BCMT requests a hearing, the case will be referred to the Office of Hearings and Appeals. That office will arrange for assignment of BCMT's case to an official who will conduct an independent hearing. BCMT is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If BCMT does not request a hearing, but submits material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 668.94.

III.

This is also to inform you that the Department intends to fine BCMT \$25,000 based on the violations set forth in Part I of this letter. This fine action is being taken in accordance with the procedures that the Secretary has established for assessing fines against institutions participating in any or all of the Title IV, HEA programs. 34 C.F.R. § 668.84. Title IV, HEA program regulations permit a fine of \$35,000 for each such violation. In determining the amount of a fine, the Department considers the gravity of the offense and the size of the institution. 34 C.F.R. § 668.92.

In determining the size of an institution, the Department considers the amount of Title IV, HEA program funds received by or on behalf of students for attendance at that institution and compares that figure to the median funding for all institutions participating in the Title IV, HEA programs. The most recent year for which complete funding data is available to determine the median funding level for all Title IV recipients is the 2011-2012 award year. According to Department records, BCMT received \$201,723 in Pell Grant funds and \$1,042,477 in Direct Loan funds during the 2011-2012 award year. The latest information available to the Department also indicates that the median funding level for institutions participating in the Pell Grant Program during the 2011-2012 award year is \$1,621,679, and the median funding level for the FFEL/Direct Loan Program is \$3,208,278. Accordingly, the Department considers BCMT to be a small institution for purposes of this fine because its funding level is below the median funding amounts.

Therefore, for BCMT's drawdown of Title IV, HEA program funds to which it was not entitled, I have set the fine amount at \$25,000. The drawdown of these funds represents a flagrant disregard of BCMT's fiduciary responsibilities to the Department. Based on the extremely serious nature of this action, I have determined that a fine of \$25,000 is appropriate.

The \$25,000 fine will be imposed on June 26, 2013, unless, by that date, I receive a request for a hearing or written material indicating why the fine should not be imposed. BCMT may submit both a written request for a hearing and written material indicating why the fine should not be imposed. Written material, or a request for a hearing, must be sent to me at the address provided in Part I of this letter. Again, if BCMT requests a hearing, the case will be referred to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of BCMT's case to an official who will conduct an independent hearing. BCMT is entitled to be represented by counsel at the hearing and any time during the proceedings. If BCMT does not request a hearing but submits written material instead, I shall consider that material and notify the institution of the amount of the fine, if any, that will be imposed.

IV.

ANY REQUEST FOR A HEARING OR WRITTEN MATERIAL THAT BCMT SUBMITS MUST BE RECEIVED BY JUNE 26, 2013, OTHERWISE, THE TERMINATION AND FINE WILL BE IMPOSED ON THAT DATE.

If you have any questions or desire any additional explanation of BCMT's rights with respect to these actions, please contact Kathleen Hochhalter at the address provided in this letter or by telephone at 303/844-4520.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

Enclosures

cc: Michale S. McComis, Executive Director, ACCSC, via mccomis@accsc.org
Lorna Candler, Colorado State Department of Higher Education, via
lorna.candler@dhe.state.co.us



DEC 18 2018

Ms. Angela G. Little
President
Cobb Beauty College
3096 Cherokee Street
Kennesaw, GA 30144

Sent via UPS
Tracking #: 1Z37X7Y30112837442

OPE-ID: 03090600

Dear Ms. Little:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Cobb Beauty College (CBC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. §§ 600.41(a)(3) and 668.83.

This emergency action is based on Cobb Beauty College, Inc.'s November 26, 2018 filing for Chapter 11 bankruptcy protection in the Northern District of Georgia (Docket Number 1:18-bk-69730). (Enclosure). CBC is owned by Cobb Beauty College, Inc. Section 102(a)(4) of the HEA specifically provides that an institution that has filed for bankruptcy is not an eligible institution for purposes of participating in the student financial assistance programs if the institution, or an affiliate of the institution that has the power by contract or ownership interest to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy. See 20 U.S.C. § 1002(a)(4); see also 34 C.F.R. § 600.7(a)(2)(A).

Since Cobb Beauty College, Inc. filed for bankruptcy on November 26, 2018, CBC no longer meets the definition of an institution of higher education, and, therefore, under 487(a), CBC is no longer eligible to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a). Therefore, any further participation in the Title IV, HEA programs by CBC would constitute a violation of statutory provisions of Title IV of the HEA and a misuse of federal funds, and the likelihood of loss outweighs the importance of awaiting completion of the procedures for termination of its Title IV eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from CBC and its students and withdraws the authority of CBC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS),

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

Federal Perkins Loan (Perkins Loan), and the William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, CBC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. CBC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, CBC may not release to students Direct Loan program proceeds and must return any loan proceeds to the Department. Finally, unless other arrangements are agreed to between CBC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from CBC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement
830 First Street, NE- UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. CBC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of CBC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as

amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. That is, we are taking this termination action because CBC filed for bankruptcy on November 26, 2018. As of that date, CBC no longer met the definition of an institution of higher education, and, therefore, under § 487(a)(1) of the HEA, no longer qualified to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a).

Termination of CBC's eligibility to participate in the Title IV, HEA programs will become final on January 7, 2019, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. CBC may submit both a written request for a hearing and written material indicating why the termination should not take place. If CBC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If CBC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. CBC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If CBC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by January 7, 2019, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after the date of loss of eligibility. See 34 C.F.R. § 600.41(c)(2)(ii). The Atlanta School Participation Division will then contact you concerning the proper procedures for closing out CBC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of CBC's rights with respect to the emergency action or the termination action, please contact Lauren Pope at 202/377-4282, or by e-mail at Lauren.Pope@ed.gov.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Ms. Angela G. Little
Cobb Beauty College, OPE-ID: 03090600
Page 4

cc: Dr. Gary Puckett, President, Council on Occupational Education, via puckettg@council.org
Mr. Chris Jones, Executive Director, GA State Board of Cosmetology and Barbers, via cjones@sos.ga.gov
Georgia Non-Public Postsecondary Education Commission, via harryh@npec.state.ga.us
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



MAY - 7 2013

Mr. Douglas Daughenbaugh
Chief Executive Officer
Dahl's College of Beauty
716 Central Avenue
Great Falls, MT 59401

Sent via UPS
Tracking #1Z A54 67Y 01 9455 9797
OPE-ID: 00894700

Dear Mr. Daughenbaugh:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Dahl's College of Beauty (Dahl's). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83. This emergency action is based on a May 2, 2013 notice from the National Accrediting Commission of Career Arts & Sciences (NACCAS) reporting the final withdrawal of Dahl's accredited status, effective May 1, 2013. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When Dahl's lost its accreditation on May 1, 2013, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by Dahl's would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from Dahl's and its students and withdraws the authority of Dahl's to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, Dahl's is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019

Loan Program, or by issuing a commitment for aid under the campus-based programs. Dahl's is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, Dahl's may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between Dahl's and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from Dahl's to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. Dahl's is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of Dahl's to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. Dahl's lost its NACCAS accreditation on May 1, 2013. As of that date, Dahl's no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of Dahl's eligibility to participate in the Title IV, HEA programs will become final on May 28, 2013, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. Dahl's may submit both a written request for a hearing and written material indicating why the termination should not take place. If Dahl's chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If Dahl's requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. Dahl's is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If Dahl's does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by May 28, 2013, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after May 1, 2013. See 34 C.F.R. § 600.41(c)(2)(ii). The Chicago/Denver School Participation Division will then contact you concerning the proper procedures for closing out Dahl's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of Dahl's rights with respect to the emergency action or the termination action, please contact Kathleen Hochhalter at 303/844-4520, or by e-mail at Kathleen.Hochhalter@ed.gov. Ms. Hochhalter's facsimile transmission number is 303/844-4695.

Sincerely, *LA*

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

Enclosure

cc: Tony Mirando, M.S., D.C., Executive Director, NACCAS, via amirando@naccas.org
Dennis Clark, Executive Officer, Montana State Board of Barbers & Cosmetologists, via declark@mt.gov



MAR 27 2013

Mr. David Demuth
President/Owner
David Demuth Institute of Cosmetology
1301 South 8th Street
Richmond, IN 47374

Sent via UPS
Tracking # 1ZA5467Y0196757024

OPE-ID: 03262300

Dear Mr. Demuth:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against David Demuth Institute of Cosmetology (DDIC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a March 13, 2013 notice from the National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS) reporting the final withdrawal of DDIC's accredited status, effective March 12, 2013. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When DDIC lost its accreditation on March 12, 2013, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by DDIC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from DDIC and its students and withdraws the authority of DDIC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, DDIC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. DDIC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, DDIC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between DDIC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from DDIC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. DDIC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of DDIC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. DDIC lost its NACCAS accreditation on March 12, 2013. As of that date, DDIC no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of DDIC's eligibility to participate in the Title IV, HEA programs will become final on April 16, 2013 unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. DDIC may submit both a written request for a hearing and written material indicating why the termination should not take place. If DDIC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If DDIC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. DDIC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If DDIC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by April 16, 2013 this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after March 12, 2013. See 34 C.F.R. § 600.41(c)(2)(ii). The Chicago/Denver School Participation Division will then contact you concerning the proper procedures for closing out DDIC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of DDIC's rights with respect to the emergency action or the termination action, please contact Joyce Russell at (202) 377-4015, or by e-mail at Joyce.Russell@ed.gov. Ms. Russell's facsimile transmission number is (202) 275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Anthony Mirando, M.S., D.C., Executive Director, NACCAS, amirando@naccas.org
Ms. Tracy Hicks, Director, Indiana Professional Licensing Agency, thicks@pla.in.gov



JUL 26 2016

Mr. Joseph Castronova
Dean of School
DuCret School of the Arts
1030 Central Avenue
Plainfield, NJ 07060-2802

Sent via UPS
Tracking # 1ZA879640191803081

OPE-ID: 02131100

Dear Mr. Castronova:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against DuCret School of the Arts (DuCret). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a June 16, 2014 notice, recently obtained by the Department, from the Accrediting Commission of Career Schools and Colleges (ACCSC) reporting the final revocation of DuCret's accredited status, effective June 16, 2014. (Enclosure). Accreditation by a nationally-recognized accrediting agency, such as ACCSC, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When DuCret lost its accreditation on June 16, 2014, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by DuCret would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from DuCret and its students and withdraws the authority of DuCret to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group

830 First St., N.E. Washington, D.C. 20002-8019

StudentAid.gov

While the emergency action is in effect, DuCret is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. DuCret is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, DuCret may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between DuCret and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from DuCret to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. DuCret is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of DuCret to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA program.

Mr. Joseph Castronova
DuCret School of the Arts
Page 3

This termination action is based on the same grounds that are stated in Part I of this notice. DuCret lost its ACCSC accreditation on June 16, 2014. As of that date, DuCret no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of DuCret's eligibility to participate in the Title IV, HEA programs will become final on August 15, 2016 unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. DuCret may submit both a written request for a hearing and written material indicating why the termination should not take place. If DuCret chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If DuCret requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. DuCret is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If DuCret does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by August 15, 2016, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after June 16, 2014. See 34 C.F.R. § 600.41(c)(2)(ii). The NY/Boston School Participation Division will then contact you concerning the proper procedures for closing out DuCret's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of DuCret's rights with respect to the emergency action or the termination action, please contact Don Tanguilig at (202) 377-3796, or by e-mail at don.tanguilig@ed.gov. Mr. Tanguilig's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Mr. Michale S. McComis, Executive Director, ACCSC, via mccomis@accsc.org
Ms. Diane Shoener, Director, NJ Department of Education,
via stateboardoffice@doe.state.nj.us
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



OCT 24 2018

Mr. Broderick L. Best
President
Grace College of Barbering
1206 Dickinson Avenue
Greenville, NC 27834-3973

Sent via UPS
Tracking #1Z37X7Y32499370731

OPE-ID: 04214600

Dear Mr. Best:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Grace College of Barbering (GCOB). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an October 19, 2018 notice from the National Accrediting Commission of Career Arts and Sciences (NACCAS) reporting the final withdrawal of GCOB's accredited status, effective October 18, 2018. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When GCOB lost its accreditation on October 18, 2018, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by GCOB would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from GCOB and its students and withdraws the authority of GCOB to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, GCOB is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. GCOB is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, GCOB may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between GCOB and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from GCOB to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement Unit
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. GCOB is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of GCOB to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. GCOB lost its NACCAS accreditation on October 18, 2018. As of that date, GCOB no longer

Mr. Broderick L. Best
Grace School of Barbering
Page #3

met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of GCOB's eligibility to participate in the Title IV, HEA programs will become final on November 14, 2018, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. GCOB may submit both a written request for a hearing and written material indicating why the termination should not take place. If GCOB chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If GCOB requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. GCOB is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If GCOB does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by November 14, 2018, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after October 18, 2018. See 34 C.F.R. § 600.41(c)(2)(ii). The Atlanta School Participation Division will then contact you concerning the proper procedures for closing out GCOB's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of GCOB's rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Anthony Mirando, Executive Director, NACCAS, via amirando@naccas.org
Mr. Dennis Seavers, Executive Director, NC Board of Barber Examiners, via dseavers@ncbarbers.com
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



MAR - 5 2013

Mr. Nicholas Randazzo
Director
Gretna Career College
1415 Whitney Avenue

Sent via UPS
Tracking #1ZA5467Y0190996689

OPE-ID: 03095100

Gretna, LA 70053-2436

Dear Mr. Randazzo:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Gretna Career College (GCC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a January 11, 2013 notice from the Accrediting Commission of Career Schools and Colleges (ACCSC) reporting the voluntary withdrawal of GCC's accredited status, effective January 11, 2013. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as ACCSC, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When GCC withdrew from its accreditation on January 11, 2013, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by GCC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from GCC and its students and withdraws the authority of GCC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019

StudentAid.gov

Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, GCC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. GCC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, GCC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between GCC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from GCC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. GCC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of GCC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the

Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. GCC withdrew from its ACCSC accreditation on January 11, 2013. As of that date, GCC no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of GCC's eligibility to participate in the Title IV, HEA programs will become final on March 25, 2013, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. GCC may submit both a written request for a hearing and written material indicating why the termination should not take place. If GCC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If GCC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. GCC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If GCC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by March 25, 2013, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after January 11, 2013. See 34 C.F.R. § 600.41(c)(2)(ii). The Dallas School Participation Division will then contact you concerning the proper procedures for closing out GCC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of GCC's rights with respect to the emergency action or the termination action, please contact John Rochelle at 202/377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

(Enclosure 1.)

cc: Dr. Michale S. McComis, Executive Director, ACCSC
Dr. Jim Purcell, Commissioner, Louisiana Board of Regents



Crystal Burgess
President
Hollywood Cosmetology Center
1708 West Lindsey Street
Norman, OK 73069-4306

OCT 12 2017

Sent via UPS
Tracking # 1Z37X7Y30195607142

OPE ID: 02197300

Dear Ms. Burgess:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Hollywood Cosmetology Center (HCC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an October 6, 2017 notice from the Accrediting Commission of Career Schools and Colleges (ACCSC) reporting the final withdrawal of HCC's accredited status, effective October 5, 2017. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as ACCSC, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When HCC lost its accreditation on October 5, 2017, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by HCC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from HCC and its students and withdraws the authority of HCC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, HCC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. HCC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, HCC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between HCC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from HCC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement Unit
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. HCC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of HCC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. HCC lost its ACCSC accreditation on October 5, 2017. As of that date, HCC no longer met the

Ms. Burgess
Hollywood Cosmetology Center
Page 3

definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of HCC's eligibility to participate in the Title IV, HEA programs will become final on November 2, 2017, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. HCC may submit both a written request for a hearing and written material indicating why the termination should not take place. If HCC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If HCC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. HCC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If HCC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by **November 2, 2017**, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after October 5, 2017. See 34 C.F.R. § 600.41(c)(2)(ii). The Dallas School Participation Division will then contact you concerning the proper procedures for closing out HCC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of HCC's rights with respect to the emergency action or the termination action, please contact Christina Fredrick at 303/844-3254, or by e-mail at Christina.Fredrick@ed.gov. Ms. Fredrick's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Michale S. McComis, Ed. D. Executive Director, ACCSC, via mcomis@accsc.org
Sherry G. Lewelling, Executive Director, Oklahoma State Board of Cosmetology & Barbering, via slewelling@cosmo.ok.gov
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



SEP 16 2015

Mr. Ricky R. Jones
President
Infinity Career College
319 Pass Road
Gulfport, MS 39507-1111

Sent via UPS
Tracking #1ZA879640194621683

OPE-ID: 03464300

Dear Mr. Jones:

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Infinity Career College (Infinity). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an August 26, 2015 notice from the Council on Occupational Education (COE), reporting the dropping of Infinity's accredited status, effective July 30, 2015. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as COE, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When Infinity lost its accreditation on July 30, 2015, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by Infinity would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from Infinity and its students and withdraws the authority of Infinity to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, Infinity is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant

Federal Student Aid
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. Infinity is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, Infinity may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between Infinity and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from Infinity to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. Infinity is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of Infinity to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. Infinity lost its COE accreditation on July 30, 2015. As of that date, Infinity no longer met the

Mr. Ricky R. Jones
Infinity Career College
Page 3

definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of Infinity's eligibility to participate in the Title IV, HEA programs will become final on October 7, 2015, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. Infinity may submit both a written request for a hearing and written material indicating why the termination should not take place. If Infinity chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If Infinity requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. Infinity is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If Infinity does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by October 7, 2015, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after July 30, 2015. See 34 C.F.R. § 600.41(c)(2)(ii). The Atlanta School Participation Division will then contact you concerning the proper procedures for closing out Infinity's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of Infinity's rights with respect to the emergency action or the termination action, please contact Don Tanguilig at (202) 377-3796, or by e-mail at Don.tanguilig@ed.gov. Mr. Tanguilig's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Mr. Gary Puckett, Executive Director, COE, via puckettg@council.org
Mississippi Board of Barber Examiners, via MSBBE@bellsouth.net
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



OCT 20 2017

Mrs. Lisa Heavener
Operations Manager
National Student Aid Services, Inc.
501 Sage Avenue
Poteau, OK 74953

Sent Overnight Via UPS
1Z37X7Y30199510784

Dear Mrs. Heavener:

This is to inform you that the United States Department of Education (Department) is hereby imposing an emergency action against National Student Aid Services, Inc. (NSAS). The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(I), and the procedures for emergency action set forth in the Student Assistance General Provisions regulations at 34 C.F.R. § 668.83, for the reasons identified in Part I of this letter. As explained in Part II of this letter, for these same reasons, the Department intends to terminate the eligibility of NSAS to contract with an eligible institution to administer any aspect of the institution's participation in the programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV programs).

I.

Under this emergency action, the Department withholds Title IV funds from NSAS; withdraws the authority of NSAS to commit, disburse, deliver, or cause the commitment, disbursement, or delivery of Title IV funds; and withdraws the authority of NSAS to administer any aspect of any institution's participation in any Title IV program. 34 C.F.R. § 668.83(a). The Title IV programs include the Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq-Afghanistan Service Grants, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, NSAS may not make or increase awards or make other commitments of aid to a student under the applicable Title IV program; disburse either program funds, institutional funds, or other funds as assistance to a student under that Title IV program; with regard to the Direct Loan Program, certify an application for a loan under that program, deliver loan proceeds to a student under that program, or retain the proceeds of a loan made under that program that are received after the emergency action takes effect; or administer any aspect of any institution's participation in any Title IV program. 34 C.F.R. § 668.83(d)(1).

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

In order to take an emergency action against a third-party servicer, a designated Department official must receive information, determined by the official to be reliable, that the third-party servicer, acting on behalf of an institution, is violating any statutory provision applicable to Title IV of the HEA, any regulatory provision prescribed under that statutory authority, or any applicable special arrangement, agreement, or limitation entered into under the authority of statutes applicable to Title IV of the HEA; that immediate action is necessary to prevent misuse of Federal funds; and that the likelihood of loss outweighs the importance of awaiting completion of any proceeding that may be initiated to limit, suspend, or terminate the eligibility of the servicer to contract with any institution to administer any aspect of the institution's participation in a Title IV program. 34 C.F.R. § 668.83(c)(1).

As the designated Department official, I have determined that immediate action is necessary to prevent misuse of Federal funds, and that the likelihood of loss outweighs the importance of the regulatory procedures for limitations, suspensions, or termination. I have based this decision upon reliable information received from Federal Student Aid's Third-Party Servicer Oversight Group (TPSOG) that indicates that NSAS has severely breached its fiduciary duty to the Department, and has failed to meet the standards of administrative capability. Based on the violations set forth below, I have determined that an emergency action against NSAS is warranted.

NSAS HAS BREACHED ITS FIDUCIARY DUTY TO THE DEPARTMENT

A third-party servicer that contracts with an institution participating in the Title IV programs acts in the nature of a fiduciary in the administration of those programs. In the capacity of a fiduciary, a third-party servicer is subject to the highest standard of care and diligence in administering any aspect of the programs on behalf of the institutions with which it contracts and in accounting to the Secretary for any funds administered by the servicer under those programs. 34 C.F.R. §§ 668.82(a), (b). When a servicer contracts with an institution to provide Title IV functions, the servicer steps into the shoes of the institution and must operate under the same standards required of the institution.

The failure of a third-party servicer to properly administer a Title IV program or to account for the funds that the servicer processes under that program, in accordance with the highest standard of care and diligence required of a fiduciary, constitutes grounds for an emergency action against the servicer, termination of the servicer's eligibility to contract with any institution to administer any aspect of the institution's participation in that program, and/or a fine on the servicer. 34 C.F.R. § 668.82(c)(2). As outlined below, the Department has determined that NSAS does not meet a fiduciary standard of conduct as evidenced by its failure to respond to a Program Review Report (Report) issued to it by the Department covering its administration of Title IV programs on behalf of client institutions; its failure to respond to repeated requests for information from the Department; its failure to establish adequate contracts with its client institutions; its failure to ensure the validity and accuracy of Title IV disbursements and Return to Title IV (R2T4) calculations; and its repeated failure to ensure that each client institution is in compliance with the Title IV requirements as they relate to NSAS' performance of the institutions' Title IV functions.

A. NSAS Has Failed to Respond to the Department's September 12, 2016 Program Review Report and to Department Requests for Information

Congress has mandated that the Department conduct program reviews to ensure that institutions participating in the Title IV programs, and by extension any third-party servicers with whom they contract, are administering those programs in accordance with the Title IV statute and regulations, and are adhering to a fiduciary standard of conduct. See 20 U.S.C. § 1099c-1(a). Title IV institutions and third-party servicers must cooperate with the Department during the program review process and must provide any documentation or information requested as a part of that process. 34 C.F.R. §§ 668.24(f)(1),(2).

The Department conducted a program review at NSAS from February 9, 2015 to August 26, 2016, and simultaneously conducted off-site program reviews at six of NSAS' Title IV-eligible clients.¹ The Department also analyzed Reports resulting from Departmental reviews of other NSAS Title IV-eligible clients.² The reviews were conducted to determine NSAS' compliance with the federal statutes and regulations governing the Title IV programs and functions it administers on behalf of its clients. The Department issued a Report to NSAS on September 12, 2016, in which the Department set forth thirteen findings detailing serious and systemic noncompliance with applicable Title IV regulations. See Enclosure 1. In the Report, the Department, among other things, required NSAS to engage a Certified Public Accountant (CPA) to develop a set of procedures for testing the accuracy and completeness of the required file reviews, and to provide those procedures to the Department within 30 days of its receipt of the Report. The Department also required NSAS to submit to the Department compliant Satisfactory Academic Progress (SAP) policies and procedures for each of the six institutions included in the scope of the program review by 45 days from its receipt of the Report. The Department further required NSAS to submit to the Department a sample of five revised and/or new R2T4 calculations for each of the six institutions included in the scope of the program review within 45 days of its receipt of the Report. NSAS' full response to the Report was due to the Department no later than December 16, 2016.

NSAS failed to provide the required set of CPA procedures, the required SAP policies and procedures, and sample R2T4 calculations by the dates directed in the Report. On December 9, 2016, NSAS finally contacted the Department to request a 90-day extension of the deadline for its submission of the response to the Report. The Department responded that it could not grant the requested extension unless NSAS provided, by December 16, 2016, a status of the work that

¹ The six clients are Advanced Barber College & Hair Design (Advanced Barber), OPE ID 03412300; Arnold's Beauty School (Arnold's Beauty), OPE ID 02257400; Champion Beauty College (Champion), OPE ID 04117900; Nuvani Institute (Nuvani), OPE ID 03021500; Texas College of Cosmetology (Texas College), OPE ID 03025000; and Trend Barber College (Trend Barber), OPE ID 03714300. The Department randomly selected five files from each of the six clients for review from the 2013-14 award year, and selected a total of 79 additional files to test NSAS' compliance with Title IV fiscal procedures and fund reconciliation.

² These Reports were issued to Sebring Career Schools (Sebring Career), OPE ID 02530700; Southern Institute of Cosmetology (Southern Institute), OPE ID 02339800; Central Texas Beauty College 2 (Central Texas), OPE ID 02239100; Northwest Beauty School (Northwest Beauty), OPE ID 04045300; and Arlington Medical Institute (Arlington Medical), OPE ID 03159300.

had been completed and the status of the required CPA attestation engagement. NSAS did not respond at all to the Department's request. From December 19, 2016, through February 17, 2017, the Department sent 9 additional notices to NSAS requesting the status of the attestation engagement and the response to the Report. NSAS failed to respond to any of the requests. On February 24, 2017, the Department sent a final request to NSAS for the information needed to evaluate the servicer's extension request, and for a detailed update on the status of the work completed on its response and the response of each client institution.

As of the date of this letter, NSAS has failed to respond to any of the Department's notices. NSAS has therefore failed to submit the required student-specific spreadsheets for each institution that are necessary to enable the Department to calculate the monetary liabilities resulting from the findings set forth in the Report, and has failed to submit documentation from which the Department can determine whether NSAS has instituted proper corrective actions in response to those findings. NSAS' failure to respond to the Report constitutes a violation of the fiduciary standard of conduct, and is a total abdication of its responsibility to account to the Department for the Title IV funds that it has administered on behalf of its client institutions. NSAS' failure to respond to the Department's directives and establish that it has taken corrective action to remedy Title IV violations continues to place Title IV funds at risk. NSAS' disregard of multiple Department requests exemplifies the servicer's callous disregard for its responsibilities to its clients and the Department, and underscores the need for this action.

B. NSAS and its Client Institutions Failed to Comply with Critical Title IV Requirements

During the program review, the Department identified numerous violations of Title IV regulations committed by NSAS and its client institutions. As set forth above, NSAS has failed to respond to the Report, or to provide evidence that the violations have been corrected. Several of the violations resulted in Title IV aid being improperly disbursed, improperly accounted for, or not returned when due. NSAS' failure to comply with Title IV requirements and to ensure that its clients adhere to those requirements further establishes that the servicer has failed to meet a fiduciary standard of conduct and is incapable of properly administering the Title IV programs. A summary of those violations is as follows:

1. Inadequate Contract/Written Policies and Procedures and Failure to Adhere to Title IV Administrative Capability Standards

As set forth in Finding 1 of the Report, the Department has determined that the contracts NSAS executes with its clients are extremely vague, and fail to clearly set forth the responsibilities of NSAS versus the responsibilities of the client institutions. In particular, the contracts fail to state clearly that NSAS is responsible for ensuring the validity and accuracy of all disbursements and returns. See 34 C.F.R. § 668.25(c)(4)(i), (ii). Further, interviews that the Department conducted pursuant to the review revealed that NSAS' client institutions are confused regarding which functions NSAS is performing on their behalf. NSAS' failure to clearly delineate the responsibilities of all parties with respect to the approval, disbursement, and delivery of Title IV funds resulted in both the institution and servicer violating numerous Title IV requirements and

undermining their ability to adhere to required standards of administrative capability. See 34 C.F.R. §§ 668.16(a), 668.25(c)(1).

The Department also determined that NSAS failed to demonstrate administrative capability through its failure to review its client institutions' relevant policies, procedures, forms, and practices to ensure that each was in compliance with Title IV requirements. This has resulted in the findings set forth in the Report, described in more detail below, that the institutions failed to maintain adequate attendance records and resolve discrepancies with regard to those records; failed to establish an adequate SAP policy; failed to develop an adequate R2T4 policy; failed to properly calculate and timely return unearned Title IV funds; and failed to establish an adequate audit trail.

As a result of these violations, NSAS was directed to revise its contracts, and its policies and procedures to ensure they were compliant with Title IV requirements and provided sufficient clarity to assist its client institutions to meet their Title IV responsibilities. NSAS failed to comply with the Department's directives.

2. Failure to Ensure Clients Maintain Required Records/Resolve Attendance Record Deficiencies

As set forth in Finding 2 of the Report, the Department determined that NSAS has not ensured that clients offering classes in clock hours have the proper policies, procedures, and mechanisms in place to track and confirm completion of clock hours prior to the certification and disbursement of Title IV funds. Student financial aid files did not contain adequate documentation or attendance records to determine the number of clock hours completed by the student each payment period, nor did the files contain adequate documentation or attendance records to determine that the student began attendance or continued to attend classes.

Since NSAS agreed in its contracts to initiate drawdowns and disburse funds to students, NSAS was required to ensure that students were eligible for the funds before any disbursements were made. 34 C.F.R. § 668.25(c)(4)(i). In this regard, NSAS was required to review sufficient student documentation to ensure the validity of the funds it was requesting. Further, since NSAS performs disbursement functions on behalf of several of its clients, it was also required to ensure that Title IV returns were properly calculated. 34 C.F.R. § 668.25(c)(4). Without ensuring that institutions maintain accurate attendance records, it is impossible for NSAS to meet its disbursement or Title IV return responsibilities.

The Department determined that five of the six institutions included in the scope of the program review did not adequately maintain attendance records and/or had attendance record discrepancies.³ The Department also found that an additional client was also not maintaining adequate attendance records.⁴ Full details of the Department's determination are fully set forth in Finding 2 of the Report.

³ Advanced Barber, Arnold's Beauty, Champion, Nuvani, and Trend Barber.

⁴ Southern Institute.

3. NSAS Failed to Ensure that Clients Developed Adequate Satisfactory Academic Progress Policies

As set forth in Finding 3 of the Report, the Department determined that NSAS' client institutions failed to develop adequate Satisfactory Academic Progress (SAP) policies consistent with Title IV requirements. See 34 C.F.R. § 668.16(e). Such policies are required to include both quantitative and qualitative measurements of a student's progress and must establish that a student's progress is evaluated at the end of each payment period if the program length is one year or shorter, or at least annually for all other programs. 34 C.F.R. § 668.34(a)(3)-(6). The institution must review a student's academic progress to determine whether the student is eligible for Title IV funds. 34 C.F.R. § 668.34(a)(3). Without adequate SAP policies it is impossible to determine whether a student is eligible for Title IV payments.

As outlined above, since NSAS was responsible for disbursing Title IV funds, it was required to confirm students' eligibility before actually making any disbursements. 34 C.F.R. § 668.25(c)(4)(i). NSAS could not meet this obligation without ensuring that each institution had adequate policies for determining whether a student met SAP standards that are consistent with Title IV requirements.

The Department determined that all six institutions included in the scope of the program review did not develop an adequate SAP policy and that four additional clients had SAP deficiencies.⁵ The details supporting the Department's determination are fully set forth in Finding 3 of the Report.

4. Return to Title IV Fund Calculation Deficiencies

As set forth in Finding 4 of the Report, the Department determined that NSAS' client institutions have failed to develop adequate R2T4 policies and/or had incorrect, unmade, or late R2T4 calculations. See 34 C.F.R. § 668.22. These provisions require that when a student withdraws an institution must return any unearned Title IV funds that had previously been disbursed. 34 C.F.R. § 668.22(g)(1). An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j).

During the program review, NSAS informed the program reviewers that for five of the clients included in the scope of the review, NSAS is responsible for actually making the returns once funds are transferred to the institution's federal funds account.⁶ In the case of the sixth client, the institution provides NSAS with a file containing data elements for NSAS to complete R2T4 calculations, and NSAS then is responsible for returning the funds once the institution has transferred the funds to its federal funds account.⁷ For the institutions that NSAS contracted to actually return Title IV funds, it was the servicer's responsibility to ensure that each client had procedures in place to ensure timely payment of returns and that the returns were actually made.

⁵ Arlington Medical, Central Texas, Northwest Beauty, and Southern Institute.

⁶ Advanced Barber, Arnold's Beauty, Champion, Nuvani, and Texas College.

⁷ Trend Barber.

Further, since NSAS was responsible for disbursement functions for its clients, it was also required to ensure that R2T4 calculations were accurate. 34 C.F.R. § 668.25(c)(4). In this regard, it was required to ensure that the disbursements accounted for in the R2T4 calculation were proper and that all other elements, including last dates of attendance, were valid.

As evidenced by the issues discovered at the institutions reviewed, it is clear that NSAS was not meeting this obligation. The Department determined that all six institutions included in the scope of the program review did not develop an adequate R2T4 policy and that four additional clients had R2T4 deficiencies.⁸ The details supporting the Department's determination are fully set forth in Finding 4 of the Report.

5. Failure to Ensure Clients Maintain an Adequate Fiscal Audit Trail and Perform Proper Reconciliation

As set forth in Finding 5 of the Report, the Department determined that NSAS' client institutions did not have an adequate audit trail which is necessary in order for an institution to comply with Title IV requirements. See 34 C.F.R. §§ 668.16(c)(1), 668.24(b)(2). In this regard, institutions must establish and maintain records of all Title IV transactions, bank statements for all accounts containing Title IV funds, records of student ledger accounts, a general ledger and related subsidiary accounts that identify each Title IV transaction, and records that support data appearing on required reports. See 34 C.F.R. § 668.24. Consistent with generally accepted audit principles, and the various Title IV requirements, all records must be reconciled monthly.

NSAS agreed in its contracts to provide administrative services for the Title IV programs and to initiate drawdowns for its clients. NSAS was responsible for preparing vouchers and reports for the client's accounting office, requesting funds from the Department to be sent to the client's account, and reconciling all records, including the client's federal bank account for clients who chose this service. The Department determined that NSAS did not ensure that it, or its clients, had the proper policies, procedures, and mechanisms in place to maintain an adequate fiscal audit trail establishing that all Title IV funds were properly disbursed, and to perform required reconciliations. Since NSAS was responsible for reconciling accounts and records, and for preparing required reports, it was critical for the servicer to ensure that proper policies and procedures were in place so that institutions maintained an audit trail that was sufficient to enable NSAS to meet its obligations under the contract. Without a proper institutional audit trail, it is impossible for NSAS to fulfill its responsibility to meet critical Title IV requirements.

The Department determined that all six institutions included in the scope of the program review did not have an adequate trail, and that two additional clients also did not have an adequate audit trail.⁹ The details supporting the Department's determination are fully set forth in Finding 5 of the Report.

⁸ Arlington Medical, Central Texas, Northwest Beauty, and Southern Institute.

⁹ Arlington Medical and Southern Institute.

6. Inappropriate Reallocation of Title IV Expenditures in Department Systems

As set forth in Finding 6 of the Report, the Department determined that NSAS inappropriately utilized the drawdown adjustment functionality with G5 to move funds between award years, programs, and/or schools in violation of Title IV accounting requirements. See 34 C.F.R. §§ 668.16(c)(1), 668.24(b)(2). An institution must be able to properly document its receipt of Title IV funds with financial records that reflect each Title IV transaction. Consequently, the drawdowns of funds and refunds of cash must be institution, program, and award year-specific and cannot be netted with a drawdown from another institution, program, or award year. By failing to appropriately handle the Title IV funds in the G5 system, NSAS put Title IV funds for numerous institutions at risk. In addition, despite notification from the Department regarding this issue, NSAS continued its improper actions. The details supporting the Department's determination are fully set forth in Finding 6 of the Report.

7. NSAS Failed to Report Potential Fraud to the Department's Office of Inspector General

As set forth in Finding 7 of the Report, the Department determined that NSAS failed to report a client institution's intentional act of non-compliance to the Department's Office of Inspector General (OIG) in violation of Title IV servicer requirements.¹⁰ See 34 C.F.R. § 668.25(c)(2). During the program review of the institution, the Department determined that the institution failed to provide students the opportunity to obtain all Title IV funds they were entitled to receive, but rather, required students to enter into monthly installment contracts and make monthly payments to the institution to help it meet the Department's 90/10 requirement. Institutions are prohibited from limiting student borrowing on an across-the-board basis. 20 U.S.C. § 1087tt; 34 C.F.R. § 685.301(a)(8). In addition, its actions to force students to take out institutional loans rather than Direct Loans for the purpose of meeting the 90/10 requirements violated Title IV misrepresentation standards. See 34 C.F.R. § 668.73. NSAS was well aware of the institution's misconduct when it processed awards and disbursed Title IV funds for the institution. Despite its knowledge, NSAS failed to refer the institution to the OIG for investigation of potential 90/10 manipulation or take any other action to prevent the misuse of Title IV funds. Full details of the violation are set forth in Finding 7 of the Report.

In response to this finding, NSAS was required to develop procedures for notifying the Department's OIG when it identifies potential fraud, misrepresentation, and/or intentional noncompliance with Title IV regulations. As noted above, NSAS has not responded to the Report or provided any updated procedures.

The Title IV violations identified during the review exemplify NSAS' callous disregard for its responsibilities as a Title IV servicer. The egregious nature of NSAS' failure to adhere to the fiduciary standard of conduct and the standards of administrative capability, as cited in this

¹⁰ Nuvani.

action, has left the Department no choice but to impose this emergency action to prevent the further misuse of Federal funds.

This emergency action is effective on the date of this letter, which is the date of mailing, and will remain in effect until either a decision to remove the emergency action is issued in response to a request from NSAS to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated by Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV funds.

NSAS may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please submit a request to me via the U.S. Postal Service or an express mail service at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement Unit
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If NSAS requests a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to a hearing officer, who will conduct the hearing. NSAS is entitled to be represented by counsel at the hearing and otherwise during the show-cause proceeding.

II.

The Department also intends to terminate NSAS' eligibility to contract with any institution to administer any aspect of the institution's participation in any Title IV program for all the reasons stated in Part I of this notice. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(H) and the Department's regulations at 34 C.F.R. Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of a third-party servicer to contract with any institution to administer any aspect of the institution's participation in any Title IV program. Initiation of this termination action means that the emergency action will remain in effect until completion of the termination proceeding, unless the emergency action is otherwise lifted. 34 C.F.R. § 668.83(f)(1). The termination proceeding includes any appeal to the Secretary.

The eligibility of NSAS to contract with any institution to administer any aspect of the institution's participation in any Title IV program will terminate on November 9, 2017, unless I receive by that date a request for a hearing or written material indicating why the termination should not take place. NSAS may submit both a written request for a hearing and written material indicating why the termination should not take place. If NSAS chooses to request a hearing or to submit written materials, you must write to me at the address in Part I of this letter.

If NSAS requests a hearing, the case will be referred to the Office of Hearings and Appeals. That office will arrange for assignment of NSAS's case to an official who will conduct an independent hearing. NSAS is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If NSAS does not request a hearing, but submits material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 668.95.

ANY REQUEST FOR A HEARING OR WRITTEN MATERIAL THAT NSAS SUBMITS MUST BE RECEIVED BY NOVEMBER 9, 2017, OTHERWISE, THE TERMINATION WILL BE IMPOSED ON THAT DATE.

If you have any questions or desire any additional explanation of NSAS' rights with respect to these actions, please contact Kathleen Hochhalter at (303) 844-4520 or via email at Kathleen.Hochhalter@ed.gov.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



JAN 24 2012

Ms. Gail D'Addario
Director
Joffrey Ballet School, American Ballet Center
434 Avenue of the Americas
New York, NY 10011-8456

Sent Via UPS
Tracking #: 1ZA5467Y0191730427
OPE-ID: 02511500

Dear Ms. D'Addario:

This is to inform you that the United States Department of Education (Department) intends to terminate the eligibility of Joffrey Ballet School, American Ballet Center (Joffrey) to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. and 42 U.S.C. §§ 2751 et seq. (Title IV, HEA programs) for the reasons set forth in Part I of this letter. As a result, Joffrey will no longer qualify as an eligible institution under the HEA and will no longer be eligible to participate in the Title IV, HEA programs.

This is also to inform you that the Department intends to fine Joffrey \$40,000 for the reasons set forth in Part II of this letter.

I.

The Department intends to terminate Joffrey's eligibility to participate in the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan). The Direct Loan program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan program, the Federal Direct PLUS Program, and the Federal Direct Consolidation Loan program. The FSEOG, FWS, and Perkins Loan programs are known as campus-based programs.

The Department is taking this action pursuant to § 487(c)(1)(F) of the HEA, 20 U.S.C. § 1094(c)(1)(F), and 34 C.F.R. § 668.86. Section 668.86 sets forth the procedures the Secretary of Education (Secretary) has established for initiating the termination of eligibility of an institution to participate in the Title IV, HEA programs. Specifically, this action is based on Joffrey's failure to submit an annual compliance audit and audited financial statements to the Department

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

for its fiscal year ended April 30, 2011 and its history of repeatedly submitting untimely compliance audits and audited financial statements.

The law requires an institution participating in the Title IV, HEA programs to demonstrate to the Department that it qualifies to be certified to participate in those programs under 34 C.F.R. Part 668, Subpart B and Subpart L. 34 C.F.R. § 668.13(a). Specifically, an institution must meet the standards of financial responsibility set forth at 34 C.F.R. Part 668 Subpart L, as well as the standards of administrative capability set forth at 34 C.F.R. § 668.16.

To satisfy the standards of administrative capability, an institution must demonstrate to the Department that it is capable of adequately administering the Title IV, HEA programs. A necessary part of capably administering the Title IV, HEA programs is accounting for the receipt of federal student aid funds under those programs. If an institution fails to account for Title IV, HEA program funds it has received, it is subject to termination from the Title IV, HEA programs. See 34 C.F.R. § 668.82(c)(1).

An institution that participates in any Title IV, HEA program must at least annually have an independent auditor conduct an audit of its administration of that program and an audit of the institution's financial statements. 20 U.S.C. § 1094(c)(1)(A)(i); 34 C.F.R. § 668.23(a)(2). An institution such as Joffrey must submit its compliance audit and audited financial statements to the Department no later than six months after the last day of the institution's fiscal year. 34 C.F.R. § 668.23(a)(4).

An institution's compliance audit must cover, on a fiscal year basis, all Title IV, HEA program transactions, and must cover all of those transactions that have occurred since the period covered by the institution's preceding audit. 34 C.F.R. § 668.23(b)(1). The compliance audit must be conducted in accordance with the general standards and the standards for compliance audits contained in the U.S. General Accounting Office's Government Auditing Standards as well as procedures contained in audit guides developed by the Department's Office of Inspector General. 34 C.F.R. §§ 668.23(b)(2)(i) and (ii). In addition, in order for the Department to make a determination of an institution's financial responsibility, an institution must submit a set of audited financial statements that are prepared on an accrual basis in accordance with generally accepted accounting principles for its latest complete fiscal year. 34 C.F.R. § 668.23(d)(1). Absent a review of these critical statements, the Department cannot determine whether an institution satisfies the factors of financial responsibility outlined at 34 C.F.R. § 668.171.

Joffrey has failed to submit a compliance audit report and a set of audited financial statements to the Department for its fiscal year ended April 30, 2011. These reports were due to the Department by October 31, 2011. The Department has provided Joffrey sufficient opportunity to submit these missing reports, including sending inquiries to Joffrey's counsel in January 2012 regarding the status of the missing reports. To date, these critical reports are still missing.

This action is also based upon Joffrey's history of submitting untimely compliance audits and audited financial statements. For example, Joffrey submitted late compliance audits and audited financial statements for the fiscal years 2005 through 2010. On April 7, 2011, the Department issued a Final Audit Determination to Joffrey that established liabilities of \$70,731 for failing to

submit a compliance audit report and audited financial statements for the 2010 fiscal year. Prior to that, on November 2, 2010 and November 16, 2010, the Department sent letters, via email, reminding you that Joffrey's compliance audit and audited financial statements for the fiscal year ended April 30, 2011 were due. In a letter dated January 25, 2011, Joffrey was instructed to submit a letter of engagement from an independent auditor who was to conduct the compliance audit and audited financial statements for the 2010 fiscal year. Joffrey was required to send the letter of engagement no later than 14 days from the date of the letter and to submit the compliance audit and audited financial statements within 45 days of the letter of engagement. However, Joffrey failed to do so and, consequently the Department issued the Final Audit Determination to recover the Title IV, HEA program funds disbursed to the institution during the unaudited period. Joffrey subsequently submitted the compliance audit and audited financial statements on November 18, 2011, 383 days late. In addition, Joffrey's compliance audit and financial statements for the 2009 fiscal year were not submitted until March 17, 2010 (173 days late); its reports for the 2008 fiscal year were submitted on January 27, 2009 (88 days late); its reports for the 2007 fiscal year were submitted on March 24, 2008 (145 days late); its reports for the 2006 fiscal year were submitted on April 27, 2007 (178 days late) and its reports for the 2005 fiscal year were submitted on January 16, 2006 (77 days late). Joffrey's callous disregard of Title IV, HEA program requirements are clearly outlined above.

Without compliance audit reports, the Department has no means to monitor adequately the Title IV, HEA program funds received by Joffrey and disbursed to students. Further, with its failure to submit financial statements, Joffrey fails to meet the standards of financial responsibility. In addition, without financial statements, the Department is unable to assess Joffrey's compliance with the non-Title IV revenue requirement set forth in 34 C.F.R. § 668.14(b)(16) or discern whether Joffrey is subject to the sanctions outlined in 34 C.F.R. § 668.28(c). Joffrey's failure to submit documentation crucial to account for the funds the school received also clearly demonstrates its inability to properly administer the Title IV, HEA programs and its failure to meet a fiduciary standard of conduct. This failure constitutes grounds for termination of the institution's participation in the Title IV, HEA programs. 34 C.F.R. § 668.82(c)(1).

When the Department initiates a termination action against an institution for its failure to submit timely compliance audit reports and audited financial statements, and the hearing official finds that the compliance audit reports and audited financial statements were, in fact, submitted untimely, then the termination of the institution's eligibility to receive Title IV, HEA program funds is mandatory. 34 C.F.R. § 690.90(a)(3)(iv).¹

The eligibility of Joffrey to participate in the Title IV, HEA programs will terminate on February 14, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. If Joffrey chooses to request a hearing or to submit written material, you must submit that information to me at the following address:

¹ This provision, 34 C.F.R. § 668.90(a)(3)(iv), which has mandated termination of an institution's Title IV, HEA program eligibility for the failure to submit timely compliance audit reports and audited financial statements since 1992, continues to cross-reference erroneously 34 C.F.R. § 668.23(c)(3) as the provision establishing the timeframe for compliance audit and audited financial statements submissions. The time requirement to file these critical reports is now found at 34 C.F.R. § 668.23(a)(4). The Secretary's intent to terminate automatically those that fail to submit timely compliance audit reports and audited financial statements, however, remains resolute.

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Program Compliance
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If Joffrey requests a hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to a hearing official, who will conduct an independent hearing. Joffrey is entitled to be represented by counsel at the hearing and otherwise during the termination proceedings. If Joffrey does not request a hearing, but submits written material instead, I shall consider that material and will notify Joffrey whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 668.94.

II.

This is also to inform you that the Department intends to fine Joffrey \$40,000 for the violations set forth in Part I of this letter. The Department is taking this fine action in accordance with the procedures that the Secretary has established for assessing fines against institutions participating in any or all of the Title IV, HEA programs. 34 C.F.R. § 668.84. Title IV, HEA program regulations permit a fine of up to \$27,500 for each such violation. In determining the amount of the fine, the Secretary considers the gravity of the offense and the size of the institution. 34 C.F.R. § 668.92.

In determining the size of an institution, the Department considers the amount of Title IV, HEA program funds received by or on behalf of students for attendance at that institution and compares that figure to the median funding for all institutions participating in the Title IV, HEA programs. The most recent year for which complete funding data is available to determine the median funding level for all Title IV recipients is 2010-2011. According to Department records, Joffrey received \$109,852 in Pell Grant funds, \$32,912 in campus-based funds and \$353,680 in Direct Loan funds during the 2010-2011 award year. The latest information available to the Department also indicates that the median funding level for institutions participating in the Pell Grant program during the 2010-2011 award year is \$1,831,456, the median funding level for the campus-based programs is \$272,450, and the median funding level for the Direct Loan program is 3,415,923. Accordingly, the Department is considering Joffrey to be a small institution for purposes of this fine because its funding levels are below the median funding levels.

The violations involved here are severe and the potential harm to the government and to students is substantial. After considering the gravity of the violations and the size of Joffrey, I have set the fine amount at \$40,000.

The failure to submit annual compliance audit reports and audited financial statements deprives the Department of timely information needed to assess the propriety of the institution's administration of the Title IV, HEA programs. Moreover, this violation is particularly egregious

since Joffrey has already been notified on multiple occasions of its failure to timely submit these critical reports. Despite the Department's best efforts, Joffrey has callously disregarded its duties as a fiduciary. Therefore, I have set the fine amount at \$10,000 for Joffrey's failure to submit its compliance audit report and audited financial statements for the fiscal year ended April 30, 2011.

In addition, I have set the fine amount at \$30,000 for the untimely submissions of the annual compliance audit reports and audited financial statements for the fiscal years 2005, 2006, 2007, 2008, 2009 and 2010. A fine of \$5,000 for each untimely submission is warranted, totaling \$30,000.

The \$40,000 fine will be imposed on February 14, 2012, unless, by that date, I receive a request for a hearing or written material indicating why the fine should not be imposed. Joffrey may submit both a written request for a hearing and written material indicating why the fine should not be imposed. Written material, or a request for a hearing, must be sent to me at the address provided in Part I of this letter. Again, if Joffrey requests a hearing, the case will be referred to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of your case to an official who will conduct an independent hearing. Joffrey is entitled to be represented by counsel at the hearing and any time during the proceedings. If Joffrey does not request a hearing but submits written material instead, I shall consider that material and notify the institution of the amount of the fine, if any, that will be imposed.

III.

ANY REQUEST FOR A HEARING OR WRITTEN MATERIAL THAT JOFFREY SUBMITS MUST BE RECEIVED BY FEBRUARY 14, 2012, OTHERWISE, THE TERMINATION AND \$40,000 FINE WILL BE IMPOSED ON THAT DATE.

If you have any questions or desire any additional explanation of Joffrey's rights with respect to these actions, please contact Lauren Pope of my staff at 202/377-4282 or via email at Lauren.Pope@ed.gov.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

cc: Samuel Hope, Executive Director, National Association of School of Dance, via shope@arts-accredit.org



AUG 18 2017

Juanita R. Macklin
President
J'Renee College
415 Airport Road
Elgin, IL 60123-9356

Sent via UPS
Tracking # 1Z37X7Y30197575754

OPE ID: 04175800

Dear Professor Macklin:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against J'Renee College (J'Renee). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an August 16, 2017 notice from the Accrediting Council for Continuing Education and Training (ACCET) reporting the final withdrawal of J'Renee's accredited status, effective August 14, 2017 (Enclosure). Accreditation by a nationally recognized accrediting agency, such as ACCET, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When J'Renee lost its accreditation on August 14, 2017, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by J'Renee would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from J'Renee and its students and withdraws the authority of J'Renee to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

While the emergency action is in effect, J'Renee is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. J'Renee is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, J'Renee may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between J'Renee and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from J'Renee to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. J'Renee is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of J'Renee to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. J'Renee lost its ACCET accreditation on August 14, 2017. As of that date, J'Renee no longer met the

definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of J'Renee's eligibility to participate in the Title IV, HEA programs will become final on September 8, 2017, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. J'Renee may submit both a written request for a hearing and written material indicating why the termination should not take place. If J'Renee chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If J'Renee requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. J'Renee is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If J'Renee does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by September 8, 2017, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after August 14, 2017. See 34 C.F.R. § 600.41(c)(2)(ii). The Chicago/Denver School Participation Division will then contact you concerning the proper procedures for closing out J'Renee's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of J'Renee's rights with respect to the emergency action or the termination action, please contact Kerry O'Brien at (303) 844-3319, or by e-mail at kerry.obrien@ed.gov. Ms. O'Brien's facsimile transmission number is (303) 844-4695.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Willian Larkin, Executive Director, ACCET, via wvlarkin@accet.org
Ms. Cindy Deitsch, Executive Assistant, via email at Deitsch@ibhe.org
Dr. Daniel Cullen, Deputy Director for Academic Affairs, via email at cullen@ibhe.org
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



NOV - 2 2012

Ms. Anna E. Little
Director
Ladera Career Paths Training Centers
6820 La Tijera Boulevard
Suite 217
Los Angeles, CA 90045-1931

Sent via UPS
Tracking # 1ZA5467Y0195345828
OPE-ID: 03853400

Dear Ms. Little:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Ladera Career Paths Training Centers (Ladera). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an October 19, 2012 notice from the Accrediting Commission of Career Schools and Colleges (ACCSC) reporting the final withdrawal of Ladera's accredited status, effective October 19, 2012. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as ACCSC, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When Ladera lost its accreditation on October 19, 2012, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by Ladera would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from Ladera and its students and withdraws the authority of Ladera to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington, DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

While the emergency action is in effect, Ladera is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. Ladera is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, Ladera may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between Ladera and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from Ladera to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. Ladera is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of Ladera to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. Ladera lost its ACCSC accreditation on October 19, 2012. As of that date, Ladera no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of Ladera's eligibility to participate in the Title IV, HEA programs will become final on November 23, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. Ladera may submit both a written request for a hearing and written material indicating why the termination should not take place. If Ladera chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If Ladera requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. Ladera is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If Ladera does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by November 23, 2012, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after October 19, 2012. See 34 C.F.R. § 600.41(c)(2)(ii). The San Francisco/Seattle School Participation Division will then contact you concerning the proper procedures for closing out Ladera's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of Ladera's rights with respect to the emergency action or the termination action, please contact Kathleen Hochhalter at 303 844-4520, or by e-mail at Kathleen.Hochhalter@ed.gov. Ms. Hochhalter's facsimile transmission number is 303/844-4695.

Sincerely

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

Enclosure

cc: Michale S. McComis, Ed.D., Executive Director, ACCSC
Joanne Wenzel, Deputy Bureau Chief, California Bureau for Private Postsecondary Education



Accrediting Commission of Career Schools and Colleges

2101 Wilson Boulevard, Suite 302
Arlington, Virginia 22201
703.247.4212
703.247.4533 fax
www.accsc.org

Memorandum

To: U.S. Department of Education, Appropriate State Agencies, and Appropriate Accrediting Agencies

From: The Accrediting Commission of Career Schools and Colleges (ACCSC)

Date: October 19, 2012

Subject: Notice of Commission Actions

REVOCATION/DENIAL OF ACCREDITATION – FINAL ACTION:

An independent Appeals Panel has heard an appeal from the following schools and has affirmed the ACCSC adverse accreditation decision to revoke accreditation in conjunction with the denial of the Application for Renewal of Accreditation. As such, the Commission's adverse accreditation decision is final and effective October 19, 2012 for each school and the schools have been removed from the ACCSC list of accredited institutions. A summary of the reasons for the Commission's action can be found posted on the Commission's [website](#).

REVOCATION/DENIAL OF ACCREDITATION – FINAL ACTION			
School	City, State	Original Revocation Action Date	Final Action Effective Date
Ladera Career Paths Training Center	Los Angeles, CA	June 6, 2012	October 19, 2012
Mid-Cities Barber College	Grand Prairie, TX	June 6, 2012	October 19, 2012

DENIAL OF ACCREDITATION – SUBJECT TO APPEAL:

The following are denial of accreditation actions subject to appeal taken by the Commission. A summary of the reasons for the Commission's action can be found posted on the Commission's [website](#).

DENIAL OF ACCREDITATION – SUBJECT TO APPEAL			
School	City, State	Revocation Action Date	Appeal Status
The Academy	Miami, Florida	October 19, 2012	Notice of Intent to Appeal due October 29, 2012

INITIAL ACCREDITATION

Pursuant to Section X (C)(1), Rules of Process and Procedure, Standards of Accreditation, the Commission, no later than 30 days after making the decision, will provide written notice to the U.S. Department of Education, the appropriate state licensing agency, and appropriate accrediting agencies of a decision by the Commission to grant initial accreditation or renewal of accreditation. The following schools have received a grant of initial or renewal of accreditation.

INITIAL ACCREDITATION – MET STIPULATIONS FROM MAY 2012					
School	School #	City	State	# of Years	Effective Date
InterAmerican Technical Institute	MS 072293	Miami	FL	3 years	Oct 2012

ENCLOSURE 1

INFORMATION SHARING:

In accordance with Section X (E)(1), Rules of Process and Procedures, Standards of Accreditation, ACCSC will grant all reasonable special requests for accreditation information made by other accreditation agencies and government entities. Requests for information from such entities must be in writing, submitted to the Executive Director of ACCSC, and state the name of the school for which the information is sought and the nature of the information requested.

For assistance regarding the information included in this memorandum, please feel free to contact me directly at 703.247.4212 or by e-mail at mccomis@accsc.org.

Sincerely,

(b)(6)

Michale S. McComis, Ed.D.
Executive Director

c: U.S. DEPARTMENT OF EDUCATION
Marcin Clark, U.S. Department of Education – Seattle SPT
Charles Engstrom, U.S. Department of Education – Atlanta SPT
Accreditation Department, U.S. Department of Education – Office of Postsecondary Education
Mary Cust, U.S. Department of Education – Administrative Actions and Appeals Division
Barbara Hemelt, U.S. Department of Education – Foreign Schools SPT
Kathleen Hochhalter, U.S. Department of Education – Administrative Actions and Appeals Division
Erik Foster, U.S. Department of Education – San Francisco SPT
Nancy Klingler, U.S. Department of Education – Philadelphia SPT
Ralph LoBosco, U.S. Department of Education – Kansas City, SPT
Douglas Parrott, U.S. Department of Education – Chicago/Denver SPT
Martina Fernandez-Rosario, U.S. Department of Education – San Francisco SPT
Kay Glicher, U.S. Department of Education
Betty Coughlin, U.S. Department of Education – New York/Boston SPT
Cynthia Thornton, U.S. Department of Education – Dallas SPT
Karen Williams-EL, U.S. Department of Education – San Francisco SPT

ACCREDITING AGENCIES

Barbara Beno, Western Association of Schools and Colleges, ACCJC
Barbara Brittingham, New England Association of Schools and Colleges, Commission on Institutions of Higher Education
Sylvia Manning, Higher Learning Commission of the North Central Association
Sandra Elman, Northwest Association of Colleges and Schools
Albert C. Gray, Accrediting Council for Independent Colleges and Schools
Knte Henriouille, Commission on Massage Therapy Accreditation
Tony Mirando, National Accrediting Commission of Career Arts and Sciences
Michael Lambert, Distance Education and Training Council
Carol Moncymaker, Accrediting Bureau of Health Education Schools
Gary Puckett, Council on Occupational Education
Elizabeth Sibolski, Middle States Commission on Higher Education
Belle S. Wheelan, Southern Association of Colleges and Schools, Commission on Colleges
Roger Williams, Accrediting Council for Continuing Education and Training
Ralph Wolff, Western Association of Schools and Colleges, Senior

STATE AGENCIES

CA – Joanne Wenzel, California Bureau for Private Postsecondary Education
FL – Sam Ferguson, Florida Commission for Independent Education
FL – Susan Hood, Florida Commission for Independent Education
TX – Don Dudley, dond@license.state.tx.us



AUG - 2 2012

Mr. Miles McCall
President
Lon Morris College
800 College Avenue
Jacksonville, TX 75766

Sent via UPS
#1ZA5467Y0192105226

OPE-ID: 00358500

Dear Mr. McCall:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Lon Morris College (LMC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. §§ 600.41(a)(3) and 668.83.


This emergency action is based on LMC's July 2, 2012 filing for Chapter 11 bankruptcy protection in the Eastern District of Texas (Case Number 12-60557) (Enclosure). Section 102(a)(4) of the HEA specifically provides that an institution that has filed for bankruptcy is not an eligible institution for purposes of participating in the student financial assistance programs authorized by Title IV of the HEA. See 20 U.S.C. § 1002(a)(4); see also 34 C.F.R. § 600.7(a)(2).

Since LMC filed for bankruptcy on July 2, 2012, LMC no longer meets the definition of an institution of higher education, and, therefore, under § 487(a), LMC is no longer eligible to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a). Therefore, any further participation in the Title IV, HEA programs by LMC would constitute a violation of statutory provisions of Title IV of the HEA and a misuse of federal funds, and the likelihood of loss outweighs the importance of awaiting completion of the procedures for termination of its Title IV eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from LMC and its students and withdraws the authority of LMC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan) and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington, DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

While the emergency action is in effect, LMC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. LMC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, LMC may not release to students Direct Loan program proceeds and must return any loan proceeds to the Department. Finally, unless other arrangements are agreed to between LMC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from LMC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE-UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. LMC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of LMC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. That is, we are taking this termination action because LMC filed for bankruptcy on July 2, 2012. As of that date, LMC no longer met the definition of an institution of higher education, and, therefore, under § 487(a)(1) of the HEA, no longer qualified to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a).

Termination of LMC's eligibility to participate in the Title IV, HEA programs will become final on August 22, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. LMC may submit both a written request for a hearing and written material indicating why the termination should not take place. If LMC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If LMC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. LMC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If LMC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by August 22, 2012, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after the date of loss of eligibility. See 34 C.F.R. § 600.41(c)(2)(ii). The Dallas School Participation Division will then contact you concerning the proper procedures for closing out LMC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of LMC's rights with respect to the emergency action or the termination action, please contact John Rochelle at 202 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Belle S. Wheelan, President, SACSCOC, via email at bwheelan@sacscoc.org
Dr. Raymund A. Paredes, Commissioner, Texas Higher Education Coordinating Board, via email at raymund.paredes@THECB.state.tx.us

United States Bankruptcy Court
Eastern District of Texas

Notice of Bankruptcy Case Filing

A bankruptcy case concerning the debtor(s) listed below was filed under Chapter 11 of the United States Bankruptcy Code, entered on 07/02/2012 at 3:52 PM and filed on 07/02/2012.

Lon Morris College
800 College Avenue
Jacksonville, TX 75766
Tax ID / EIN: 75-0800657



The case was filed by the debtor's attorney:

Timothy Webb
Webb and Associates
3401 Louisiana Street, Suite 120
Houston, TX 77002
(713) 752-0011

The case was assigned case number 12-60557 to Judge Bill Parker.

In most instances, the filing of the bankruptcy case automatically stays certain collection and other actions against the debtor and the debtor's property. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized. Consult a lawyer to determine your rights in this case.

If you would like to view the bankruptcy petition and other documents filed by the debtor, they are available at our Internet home page www.txeb.uscourts.gov or at the Clerk's Office, Plaza Tower, 110 N. College Avenue, Ninth Floor, Tyler, TX 75702.

You may be a creditor of the debtor. If so, you will receive an additional notice from the court setting forth important deadlines.

Jeanne Henderson

PACER Service Center	Clerk, United States
Transaction Receipt	Bankruptcy Court

12-60557 Lon Morris College
 Case type: bk Chapter: 11 Asset: Yes Vol: v Judge: Bill Parker
 Date filed: 07/02/2012 Date of last filing: 07/19/2012

Case Summary

Office: Tyler
 County: CHEROKEE-TX
 Fee: Paid
 Origin: 0
 Previous term:
 Joint: n

Filed: 07/02/2012
 Terminated:
 Debtor discharged:
 Reopened:
 Converted:
 Debtor dismissed:
 Confirmation hearing:

Nature of debt: business

Trustee: US Trustee City: Tyler Phone: (903) 590-1450

Party 1: Lon Morris College (75-0800657) (Debtor)

Atty: Kirk Cheney Represents party 1: Debtor

Phone: (713)485-7311
 Fax: (713)485-7344
 Email: kcheney@mckoolsmith.com

Atty: Christopher D. Johnson Represents party 1: Debtor

Phone: 713-485-7315
 Fax: 713-485-7344
 Email: cjohnson@mckoolsmith.com

Atty: Hugh Massey Ray III Represents party 1: Debtor

Phone: 713-485-7300
 Fax: 713-485-7344
 Email: hmrays@mckoolsmith.com

Atty: Timothy Webb Represents party 1: Debtor

Phone: (713) 752-0011
 Fax: (713) 752-0013
 Email: timwebblaw@aol.com

Location of case files:

Volume: CS1

The case file may be available.

PACER Service Center			
Transaction Receipt			
07/20/2012 13:11:08			
PACER Login:	us3750	Client Code:	
Description:	Case Summary	Search Criteria:	12-60557



OCT - 5 2016

Ms. Ronda Hansen
President
Master Educators Beauty School
1205 Filer Avenue East
Twin Falls, ID 83301-4118

Sent via UPS
Tracking #1ZA879640192219283

OPE-ID: 04163800

Dear Ms. Hansen:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Master Educators Beauty School (MEBS). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an August 26, 2016 letter from the National Accrediting Commission of Career Arts and Sciences (NACCAS) informing you that pursuant to Section 8.13 of NACCAS' Rules of Practice and Procedure, MEBS's accreditation was relinquished effective August 26, 2016. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When MEBS's accreditation was relinquished, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by MEBS would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from MEBS and its students and withdraws the authority of MEBS to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, MEBS is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. MEBS is also barred from using its own funds or

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019

StudentAid.gov

federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, MEBS may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between MEBS and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from MEBS to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. MEBS is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of MEBS to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. MEBS relinquished its NACCAS accreditation effective August 26, 2016. As of that date, MEBS no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of MEBS's eligibility to participate in the Title IV, HEA programs will become final on October 25, 2016, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. MEBS may submit both a written request for a hearing and written material indicating why the termination should not take place. If MEBS chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

Ms. Ronda Hansen
Master Educators Beauty School
Page #3

If MEBS requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. MEBS is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If MEBS does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by October 25, 2016, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after August 26, 2016. See 34 C.F.R. § 600.41(c)(2)(ii). The San Francisco/Seattle School Participation Division will then contact you concerning the proper procedures for closing out MEBS's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of MEBS's rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Anthony Mirando, Executive Director, NACCAS, via amirando@naccas.org
Ms. Tana Cory, Chief, Idaho Bureau of Occupational Licenses, via cos@ibol.idaho.gov
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



Ms. Nachita G. Cano
President
Mid-Cities Barber College
2345 S. W. 3rd Street, Suite 101
Grand Prairie, TX 75051-4810

NOV - 2 2012

Sent via UPS
Tracking #1ZA5467Y0195972909

OPE-ID: 03111000

Dear Ms. Cano:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Mid-Cities Barber College (MCBC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.


This emergency action is based on an October 19, 2012 notice from the Accrediting Commission of Career Schools and Colleges (ACCSC) reporting the final withdrawal of MCBC's accredited status, effective October 19, 2012. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as ACCSC, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When MCBC lost its accreditation on October 19, 2012, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by MCBC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from MCBC and its students and withdraws the authority of MCBC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, MCBC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington, DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

Loan Program, or by issuing a commitment for aid under the campus-based programs. MCBC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, MCBC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between MCBC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from MCBC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. MCBC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of MCBC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. MCBC lost its ACCSC accreditation on October 19, 2012. As of that date, MCBC no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of MCBC's eligibility to participate in the Title IV, HEA programs will become final on November 23, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. MCBC may submit both a written request for a hearing and written material indicating why the termination

should not take place. If MCBC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If MCBC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. MCBC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If MCBC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by November 23, 2012, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after October 19, 2012. See 34 C.F.R. § 600.41(c)(2)(ii). The Dallas School Participation Division will then contact you concerning the proper procedures for closing out MCBC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of MCBC's rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Michale S. McComis, Executive Directive, ACCSC
Don Dudley, dond@license.state.tx.us



Accrediting Commission of Career Schools and Colleges

2101 Wilson Boulevard, Suite 302
Arlington, Virginia 22201
703.247.4212
703.247.4533 fax
www.accsc.org

Memorandum

To: U.S. Department of Education, Appropriate State Agencies, and Appropriate Accrediting Agencies

From: The Accrediting Commission of Career Schools and Colleges (ACCSC)

Date: October 19, 2012

Subject: Notice of Commission Actions

REVOCATION/DENIAL OF ACCREDITATION – FINAL ACTION:

An independent Appeals Panel has heard an appeal from the following schools and has affirmed the ACCSC adverse accreditation decision to revoke accreditation in conjunction with the denial of the Application for Renewal of Accreditation. As such, the Commission's adverse accreditation decision is final and effective October 19, 2012 for each school and the schools have been removed from the ACCSC list of accredited institutions. A summary of the reasons for the Commission's action can be found posted on the Commission's [website](#).

REVOCATION/DENIAL OF ACCREDITATION – FINAL ACTION			
School	City, State	Original Revocation Action Date	Final Action Effective Date
Ladera Career Paths Training Center	Los Angeles, CA	June 6, 2012	October 19, 2012
Mid-Cities Barber College	Grand Prairie, TX	June 6, 2012	October 19, 2012

DENIAL OF ACCREDITATION – SUBJECT TO APPEAL:

The following are denial of accreditation actions subject to appeal taken by the Commission. A summary of the reasons for the Commission's action can be found posted on the Commission's [website](#).

DENIAL OF ACCREDITATION – SUBJECT TO APPEAL			
School	City, State	Revocation Action Date	Appeal Status
The Academy	Miami, Florida	October 19, 2012	Notice of Intent to Appeal due October 29, 2012

INITIAL ACCREDITATION

Pursuant to *Section X (C)(1), Rules of Process and Procedure, Standards of Accreditation*, the Commission, no later than 30 days after making the decision, will provide written notice to the U.S. Department of Education, the appropriate state licensing agency, and appropriate accrediting agencies of a decision by the Commission to grant initial accreditation or renewal of accreditation. The following schools have received a grant of initial or renewal of accreditation.

INITIAL ACCREDITATION – MET STIPULATIONS FROM MAY 2012					
School	School #	City	State	# of Years	Effective Date
InterAmerican Technical Institute	MS 072293	Miami	FL	3 years	Oct 2012

INFORMATION SHARING:

In accordance with *Section X (E)(1), Rules of Process and Procedures, Standards of Accreditation*, ACCSC will grant all reasonable special requests for accreditation information made by other accreditation agencies and government entities. Requests for information from such entities must be in writing, submitted to the Executive Director of ACCSC, and state the name of the school for which the information is sought and the nature of the information requested.

For assistance regarding the information included in this memorandum, please feel free to contact me directly at 703.247.4212 or by e-mail at mccomis@accsc.org.

Sincerely,

(b)(6)

Michale S. McComis, Ed.D.
Executive Director

c: **U.S. DEPARTMENT OF EDUCATION**

Marcia Clark, U.S. Department of Education – Seattle SPT
Charles Engstrom, U.S. Department of Education – Atlanta SPT
Accreditation Department, U.S. Department of Education – Office of Postsecondary Education
Mary Gust, U.S. Department of Education – Administrative Actions and Appeals Division
Barbara Hemelt, U.S. Department of Education – Foreign Schools SPT
Kathleen Hochhalter, U.S. Department of Education – Administrative Actions and Appeals Division
Erik Foster, U.S. Department of Education – San Francisco SPT
Nancy Klingler, U.S. Department of Education – Philadelphia SPT
Ralph LoBosco, U.S. Department of Education – Kansas City, SPT
Douglas Parrott, U.S. Department of Education – Chicago/Denver SPT
Martina Fernandez-Rosario, U.S. Department of Education – San Francisco SPT
Kay Gilcher, U.S. Department of Education
Betty Coughlin, U.S. Department of Education – New York /Boston SPT
Cynthia Thornton, U.S. Department of Education – Dallas SPT
Karen Williams-EL, U.S. Department of Education – San Francisco SPT

ACCREDITING AGENCIES

Barbara Beno, Western Association of Schools and Colleges, ACCJC
Barbara Brittingham, New England Association of Schools and Colleges, Commission on Institutions of Higher Education
Sylvia Manning, Higher Learning Commission of the North Central Association
Sandra Elman, Northwest Association of Colleges and Schools
Albert C. Gray, Accrediting Council for Independent Colleges and Schools
Kate Henriouille, Commission on Massage Therapy Accreditation
Tony Mirando, National Accrediting Commission of Career Arts and Sciences
Michael Lambert, Distance Education and Training Council
Carol Moneymaker, Accrediting Bureau of Health Education Schools
Gary Puckett, Council on Occupational Education
Elizabeth Sibolski, Middle States Commission on Higher Education
Belle S. Wheelan, Southern Association of Colleges and Schools, Commission on Colleges
Roger Williams, Accrediting Council for Continuing Education and Training
Ralph Wolff, Western Association of Schools and Colleges, Senior

STATE AGENCIES

CA – Joanne Wenzel, California Bureau for Private Postsecondary Education
FL – Sam Ferguson, Florida Commission for Independent Education
FL – Susan Hood, Florida Commission for Independent Education
TX – Don Dudley, dond@license.state.tx.us



AUG 22 2017

Dr. Timothy Morthland
President
Morthland College
202 East Oak Street
West Frankfort, IL 62896

SENT VIA UPS OVERNIGHT MAIL
Tracking #1Z37X7Y30110899844

OPE-ID: 04227900

Dear Dr. Morthland:

This is to inform you that the United States Department of Education (Department) is hereby imposing an emergency action against Morthland College (Morthland), located in West Frankfort, Illinois. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(G), and the procedures for emergency action set forth in the Student Assistance General Provisions regulations at 34 C.F.R. § 668.83, for the reasons identified in Part I of this letter. As explained in Part II of this letter, for these same reasons, the Department intends to terminate the eligibility of Morthland to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.* (Title IV programs). Finally, for the reasons set forth in Part III of this letter, the Department intends to fine Morthland.

I.

Under this emergency action, the Department withholds funds from Morthland and its students and withdraws Morthland's authority to obligate and disburse funds under the following Title IV programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grant (IASG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins), and William D. Ford Federal Direct Loan (Direct Loan). The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, Morthland is barred from initiating commitments of Title IV Program aid to students, whether by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or issuing a commitment for aid under the campus-based programs. Morthland is also barred from using its own funds or Federal funds on hand to make Title IV program grants, loans, or work assistance payments to students, or to credit student accounts with respect to such assistance. Further, Morthland may not release to students Direct Loan proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between Morthland and the Department,

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

Morthland may not disburse or obligate any additional Title IV program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action remains in effect.

In order to take an emergency action against an institution, a designated Department official must determine that immediate action is necessary to prevent the continued misuse of Federal funds, and that the likelihood of loss outweighs the importance of awaiting the outcome of the regulatory procedures prescribed for limitation, suspension, or termination actions. As the designated Department official, I have determined that immediate action is necessary to prevent misuse of Federal funds, and that the likelihood of loss outweighs the importance of these regulatory procedures for limitation, suspension, or termination.

I have based this decision upon reliable information obtained during a review and investigation that was conducted by the Department's Chicago/Denver School Participation Division. As part of its review, the Department analyzed documentation that was obtained during an on-site review of Morthland conducted in January 2017, information obtained during the subsequent investigation of the issues initially identified during the review, and the information obtained during student and employee interviews. This information disclosed severe breaches of Morthland's fiduciary duty to the Department, its failure to meet institutional eligibility requirements, and serious violations of Title IV regulations. Based on the violations outlined below, I have determined that an emergency action against Morthland is warranted.

I. DERELICTION OF FIDUCIARY DUTY

Before Morthland began participation in the Title IV, HEA programs, you signed a program participation agreement (PPA) with the Department stating that Morthland would comply with all Title IV program requirements. These requirements mandate that Morthland use funds received under Title IV solely for the purposes specified in each individual student assistance program, since the funds received under those programs are held in trust for the intended student beneficiary and the Secretary. 20 U.S.C. § 1094(a)(1); see generally 34 C.F.R. § 668.14. By entering into a PPA with the Department, Morthland, and its officers, accepted the responsibility to act as fiduciaries in the administration of the Title IV programs. As fiduciaries, the institution and officers are subject to the highest standard of care and diligence in administering the Title IV, HEA programs and in accounting to the Secretary for the funds received. 34 C.F.R. § 668.82(a) and (b).

In order to meet its responsibilities to the Department, an institution must be capable of adequately administering the Title IV programs. In this regard, an institution must comply with all Title IV statutory and regulatory requirements. 34 C.F.R. § 668.16(a). In addition, an institution must meet Title IV financial responsibility standards. See

34 C.F.R. Part 668, Subpart L. Compliance with these standards is critical to ensure that an institution has sufficient resources to effectively meet the needs of students and the Title IV programs. An institution must also administer the Title IV programs in which it participates with adequate checks and balances in its system of internal controls.

34 C.F.R. § 668.16(c)(1). This includes maintaining accurate and complete records supporting all Title IV payments made to each student. See 34 C.F.R. §§ 668.16(d), 668.24. An institution's maintenance and submission of accurate student eligibility records is critical to the Department's oversight responsibilities. The Department relies on those records when determining if a student is eligible to receive Title IV funds and in determining the amount they are entitled to receive.

As discovered during the program review and subsequent investigation, Morthland repeatedly breached its fiduciary duty to the Department. Morthland's misconduct is exemplified by its illegal disbursement of Title IV funds to ineligible students, its improper retention of unearned funds when students ceased attending, its improper handling of Title IV credit balances, its use of an inflated cost of attendance, and its failure to meet Title IV institutional and program eligibility requirements.

A. Illegal Disbursement of Title IV Funds to Students that Did Not Meet the Definition of a Regular Student

In order to be eligible to receive Title IV funds an individual must first be a regular student enrolled or accepted for enrollment in an eligible program at an eligible institution. 34 C.F.R. § 668.32(a). An institution is eligible for participation in the Title IV programs if, among other things, it offers an educational program that leads to a degree, certificate or other recognized credential. 34 C.F.R. § 600.4(a)(4). Similarly, an eligible educational program must lead to an academic, professional, or vocational degree, a certificate, or other recognized educational credential, and must be provided by a participating institution. 34 C.F.R. §§ 600.2 (definition of educational program), 668.8. A "regular student" is a person who is enrolled or accepted for enrollment at an institution "for the purpose of obtaining a degree, certificate, or other recognized credential offered by that institution." 34 C.F.R. § 600.2 (definition of regular student). If a person does not meet the initial eligibility criteria of being enrolled for the purpose of obtaining a degree or other credential, he/she is ineligible to receive Title IV funds.

During the course of its review, the Department discovered that Morthland entered into an arrangement with approximately 12 sports academies located across the country to provide classes to students while those students were attending the sports academies. Under these arrangements, Morthland worked with the academies to have students enroll in distance education classes and to apply for Title IV aid. Morthland began these arrangements in January 2016, and enrolled 304 students through these arrangements over the next academic year. Prior to entering into this arrangement, Morthland had an enrollment of approximately 100 students.

In general, the various sports academies recruited students who played basketball and football in high school, but were not offered a scholarship to play at a NCAA Division I or Division II university. Students were recruited by the sports academies through various mechanisms including contact with high school coaches and on-line recruiting sites. Students were given a very high-pressured sales pitch which included promises of being viewed by scouts and recruited with scholarships by Division I and Division II universities. Prospective students and parents were told that participation in the sports academy program would require payment of a fixed price, in most cases about \$15,000, and that the cost would cover the sports academy training, housing, food, equipment, transportation, and the cost of taking on-line classes at Morthland. Students were told that they were required to take classes at Morthland in order to attend the specific sports academy, and they must apply for financial aid through Morthland to cover the costs of the sports academy program. Students attended the academies for approximately four months, which would cover either a football or basketball season of play.

In most cases, students were required to pay an initial fee of about \$800 to start the enrollment process at an academy. Students were then directed to submit an on-line application to Morthland, and to fill out a Free Application for Federal Student Aid (FAFSA) listing Morthland as the institution the students planned to attend. Staff at the various academies helped the students with the application process including telling them how to answer specific questions on the application. Although the students were processed by Morthland as being enrolled in various bachelors programs, the students were actually only attending classes at Morthland for the time period they were to be in attendance at the various sports academies. In most cases this included two eight-week sessions or one term. Academy staff also assisted the students in applying for financial aid, and some students actually applied while on site at an academy.

Once Morthland received an application for enrollment from the sports academy students, the applications were processed with what appears to be a very cursory review. In general, students admitted to Morthland must have, at minimum, a 2.0 GPA and an ACT score of 20. Morthland utilizes "provisional admission" which allows deviation from these minimum standards, although Morthland used that status only in extenuating circumstances. Students admitted under this provisional standard must obtain a "C" average for all courses attempted in the first semester in order to achieve an "admitted" status. Students who do not obtain a "C" average by the end of the first semester may be recommended for a remediation plan or dismissal. Although Morthland's stated policy was that "provisional" status was only to be used in extenuating circumstances, Morthland admitted the vast majority of the approximately 300 sports academy students reviewed by the Department under the provisional status.

When processing the financial aid for sports academy students, Morthland inflated the tuition charges and included a significant cost for room and board at the various sports academies when calculating students' cost of attendance. This significantly increased the amount of Title IV funds students were eligible to receive, so that the additional funds

could be used to pay the fees at the various sports academies. In addition to the students' Federal Pell Grants and Federal Direct Loans, parents were encouraged to take out Parent PLUS loans so that more of the academy costs could be covered. In the files reviewed by the Department, parents of these students received PLUS loan amounts for as much as \$18,000.

As fully outlined below, included with the numerous documents that students were required to sign with their enrollment was a financial aid delivery form. Morthland claimed that this form was used so that it could send the credit balance checks to students at the address where they were located while attending the distance education classes. In most cases, however, the checks were sent directly to the various sports academies and not to the address where the student was actually living.

After reviewing the documentation that was obtained, and interviewing students, parents, and former employees, the Department has concluded that Morthland and the various sports academies entered into a scheme to circumvent Title IV requirements so that students would receive Title IV aid to pay for the athletic training offered at the academies. Since the sports academies do not offer an educational program leading to a degree, certificate or other recognized credential, they are not eligible institutions for participation in the Title IV programs. Due to the high cost of the programs, the only way the academies could recruit many of the students to attend was to ensure that financial aid was available to pay the cost. By entering into the arrangements with Morthland, the academies attempted to do just that. The scheme, however, created between the academies and Morthland failed to take into account the fact that the students were not actually eligible to receive the Title IV aid obtained on their behalf.

As outlined above, in order for a student to be eligible for Title IV aid, he or she must be enrolled in an eligible institution for the purpose of obtaining a degree, certificate, or other recognized credential from that institution. The students at issue here who were attending the various sports academies do not meet that definition. First, the sports academies themselves are not Title IV eligible since students are there to improve their athletic skills and to be scouted, not to attend a postsecondary educational program. Further, the few classes the students take on line through Morthland do not make the sports academy students, "regular" students. Although the classes taken from Morthland could be considered part of an eligible program, the students were not taking the classes to earn a degree or credential, but rather, because they were required to do so in order to attend the various sports academies for either the football or basketball season. Students and parents interviewed by the Department all stated that the students were only taking the Morthland classes because they were required to in order to attend the sports academies and they had no intention of staying at Morthland to complete a degree.

Documents and other information obtained by the Department support the students' statements. As noted above, the sports academy students enrolled in Morthland by submitting an electronic application on-line. For some of the questions, the student was

only able to select pre-designated answers. Morthland's application contained an unusual question, asking students whether they agreed with the following statement:

"If I am accepted and enroll, I plan to graduate from Morthland College."

Morthland provided the options of strongly agree, agree, no opinion, disagree, or strongly disagree. Approximately half of the students selected no opinion, disagree, or strongly disagree as the answer to the question. Other students informed the Department that they were told by the coach at the sports academy to answer "agree" for the question, or they did not fill in the answers to the questions themselves. Students simply did not intend to stay at Morthland after their athletic season at the sports academies ended.

Morthland's attendance records also establish that the sports academy students only intended to take classes while they were attending athletic training at the various sports academies. Morthland's academic year was divided into terms which each contained two, eight-week sessions. One term at Morthland corresponded to approximately one football or basketball season of attendance at the sports academies. Of the 304 students reviewed, approximately 85 percent stopped attending after one term ended, and approximately 55 percent of those students did not even complete the full term. Less than five percent (5%) of the students attended past the first academic year. Staff interviewed by the Department stated that the management of Morthland was well aware of these statistics and the fact that the students never intended to complete their degrees at Morthland. Management was only concerned about the potential influx of funds to the school.

The evidence reviewed clearly establishes that the students attending the sports academies and taking classes at Morthland did not meet the definition of a regular student, and therefore, were not eligible to receive Title IV funding. Illegal disbursements were made to Students 1-304.¹

Morthland's arrangements with the various sports academies to process financial aid for the students attending demonstrate that there was a clear attempt by both Morthland and the academies to circumvent the Title IV eligibility requirements and illegally obtain Title IV funds. The actions of Morthland and the academies caused undue harm to these students who incurred thousands of dollars of debt for no educational benefit.² Further, Morthland's egregious misconduct is inconsistent with the standard of conduct required

¹ A list of students relevant to this action is included as Appendix A.

² It should be noted that the students also did not receive the experience they were promised at the various sports academies. Despite repeated promises, scouts were not present at games and the students did not receive scholarships from Division I or Division II schools after completing the academy. Students did not receive sufficient or adequate food, transportation, or resources to take classes, and the living arrangements were not as promised. Many students had to share apartments with 5-8 people, had to sleep on the floor, and some actually received eviction notices because rent was not paid. Most students interviewed felt it was a scam and that they wasted time and money on the program.

of a fiduciary participating in the Title IV programs. Morthland's illegal disbursement of Title IV funds to ineligible students, and its failure to act as fiduciary fully support the need for this action.

B. Morthland Retained Unearned Funds When Students Ceased Attending

The amount of Federal Pell Grant funds a student is eligible to receive is calculated by using the guidelines established in the regulations. See 34 C.F.R. §§ 690.62, 690.63. The calculations to be used by an institution vary depending on the length of the student's program and the method by which the institution measures its academic program. For an institution, such as Morthland, that provides its programs in credit hours with terms and has at least 30 weeks of instruction, the calculations focus on the student's enrollment status and the number of terms in the academic year. See 34 C.F.R. § 690.63(b). A student's Pell award varies depending on whether the student is attending full time, three-quarter time, half time or less-than-half time. See 34 C.F.R. §§ 690.2 (definition of enrollment status); 690.63. Once the amount of a student's Title IV award is established, the funds are disbursed by payment periods which correspond to the institution's academic terms. 34 C.F.R. § 668.4(a).

An institution must ensure that a student is still enrolled and attending classes prior to disbursing Title IV funds for subsequent payment periods. See 34 C.F.R. § 668.21. If a student's enrollment status changes in a payment period the institution may only include those classes in which the student began attendance when determining the student's adjusted Pell Grant award. 34 C.F.R. § 690.80(b)(2)(ii). A student is considered to have begun attendance in all of his or her classes if the student attends at least one day of class for each course in which that student's enrollment status was previously determined for Pell eligibility. The institution must be able to document that attendance. See 34 C.F.R. §§ 668.24(b), (c).

With respect to the Direct Loan program, a student must be enrolled at least half time in order to be eligible for loan disbursements. 34 C.F.R. § 685.200(a). Once it is determined that a student is eligible, the institution must follow set procedures when disbursing the funds. Except in limited circumstances, loan proceeds are to be disbursed in two installments and must be made on a payment period basis. See 34 C.F.R. §§ 668.164(b), 685.303(c). For an institution such as Morthland, the payment periods for Direct Loans would mirror those outlined above for the Pell program.

As noted above, the students relevant to this action attended Morthland through its on-line distance education program. For these students, Morthland offered 16-week terms that contained two, eight-week sessions. Morthland considered each term a payment period for Title IV purposes and funds were calculated and disbursed for each term. During the course of the review, the Department found that Morthland failed to adjust students' Pell awards when students failed to begin attendance in classes for the second session of a term or in a subsequent term. For example, Student 17 began at Morthland

in the December 2016 term. The first session of that term began November 1, 2016 and ended on December 31, 2016, and the second session began on January 1, 2017 and ended on February 28, 2017. Morthland calculated and disbursed Title IV funds based on the students' expected enrollment status for the entire term. The student, however, failed to begin classes for the second session of the term. As a result, the student's enrollment status for the term changed from full time to less-than-half-time. Despite this fact, Morthland failed to recalculate the student's Pell award and return the unearned funds to the Department. Similar overawards were made to Students 24, 44, 50, 66, 67, 68, 77, 79, 82, 84, 85, 89, 103, 126, 128, 141, 143, 147, 154, 163, 166, 174, 175, 188, 200, 203, 209, 219, 220, 228, 229, 232, 237, 238, 243, 254, 277, and 282. In addition, Morthland improperly disbursed second Pell payments to Students 40, 251, and 283 who did not begin attendance in the second academic term. To date, these improperly disbursed funds have not been returned.

In addition, Morthland improperly disbursed additional loan funds to Students 17, 82, 85, 209, and 277 who were not enrolled at least half time. Additional ineligible disbursements were made to Students 26, 52, 208, and 222 who did not complete sufficient credits to earn a second-year loan. To date, Morthland has failed to return any of the unearned funds.

Morthland's repeated failure to ensure that it recalculated Pell awards commensurate with the enrollment status actually begun by a student and ensure that it only disbursed Title IV funds to students who were eligible for the disbursements underscores the institution's callous attitude towards its fiduciary responsibilities to the Department.

C. Use of an Inflated Cost of Attendance In Order to Provide Title IV Funds to Ineligible Sports Academies

The amount of Title IV funds a student is entitled to receive is based on the amount of money a student needs to attend a particular postsecondary institution. A student's need is calculated by subtracting the Expected Family Contribution (EFC) the student and parents are expected to provide, and any outside aid the student will receive, from the Cost of Attendance (COA) at that institution. See 20 U.S.C. § 1087kk. COA is calculated under specific guidelines and using specific elements set forth in the Title IV statute. Those elements include costs for both tuition and fees, and room and board. The statute makes clear that the tuition and fees cannot exceed the amount "normally assessed a student carrying the same academic workload." 20 U.S.C. § 1087ll(1). For room and board, an institution must ensure that the costs included in the COA calculation do not exceed those a student is reasonably expected to incur. 20 U.S.C. § 1087ll(3). The financial aid administrator of an institution may adjust the COA that would normally be calculated under the statutory guidelines for a student if there are special circumstances which would warrant doing so. Those determinations must be made on a case-by-case basis. Such adjustments are typically called "professional judgment". 20 U.S.C. § 1087tt.

Students who are eligible for Title IV assistance may receive Title IV funds up to the calculated amount of need as outlined above. In addition to a student receiving Pell Grant and Direct Loan funds, a dependent student's parents may take out Parent PLUS loans to cover eligible costs not covered by the other sources of Title IV aid. See 34 C.F.R. § 685.200(c).

The Department has determined that Morthland improperly inflated both the "tuition and fees", and the "room and board" components of the COA calculation for students attending the sports academies in order for the students to receive additional funds to pay the charges assessed by the various academies. Morthland staff confirmed in interviews that during the 2015-2016 award year, staff processed professional judgments to increase the tuition and fee costs for students from the various sports academies. For example, for Student 4, Morthland listed tuition, fees and book charges of \$12,450 in the COA calculation when the actual tuition and fee charges were only \$5,425 for the eight-month time period used in the calculation. Student 4 was not an isolated case. Professional judgment adjustments were applied to virtually all students attending the sports academies during that award year.

For the 2016-2017 award year, Morthland staff began including excessive room and board costs for the academy students to sufficiently increase the COA so that students could obtain additional Title IV funds to cover the cost at the various academies. For example, when calculating the COA for Student 183, Morthland used a two-month budget and included room and board costs of \$10,496 and personal costs of \$1,848. The only costs actually assessed by Morthland were tuition and fee charges of \$3,130. These students did not have room and board costs directly associated with their attendance at Morthland. It is clear that the only reason the excessive costs were added to the COA was to provide a mechanism for obtaining Title IV funds for the sports academies.

In addition to the students noted above, Morthland improperly inflated the COA for Students 1-304.

With the inflated COA, Morthland certified loans far in excess of the students' actual costs to attend the institution. As outlined below, those excess funds were disbursed as credit balances and used to pay cost associated with the sports academies. Morthland's improper actions resulted in students borrowing the maximum amount of Direct Loans and parents borrowing excessive PLUS loans, as much as \$18,000 for one term of attendance and classes at Morthland. This misconduct caused undue harm to both these students and their parents, and is further evidence that Morthland cannot meet the fiduciary standard of conduct required of Title IV participants.

D. Mishandling of Student Credit Balances

If an institution disburses Title IV program funds by crediting a student's account, and the total amount of all Title IV program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent. These credit balances must be paid as soon as possible but no later than 14 days after the balance occurred or 14 days after the first day of classes in a payment period if the balance occurred before that time. 34 C.F.R. § 668.164(e).

The regulations make clear that any credit balances created on a student's account must be paid to the student or parent within a specified time frame. These funds belong to the student, or in the case of a Parent PLUS loan, to the parent, and therefore, should not be paid to any other person or entity. During the course of its review, the Department found that Morthland mishandled Title IV credit balances that had been credited to the accounts of students attending the sports academies.

The inflated COA used by Morthland created large credit balances for virtually all of the students attending the sports academies. To meet its obligation under the arrangements made with the sports academies, Morthland created a document called a "Financial Aid Delivery Method Waiver." Morthland maintained that this form was designed to benefit the student. That claim is patently false. Although Morthland claimed the form was created so that the credit balance checks could be sent to the students' "local" addresses, the addresses on the various forms were for the sports academies themselves and not the students' local apartments. In one case, the address on the form was the home address of the owner of the academy. Some of the forms themselves specifically state that the checks were to be endorsed over to the sports academy. Last, Morthland's justification is completely irrelevant to the Parent PLUS refunds as those funds belong to the parent, not the student.

Despite Morthland's suggestion to the contrary, it is clear that these forms were not developed for the benefit of the student. The majority of students signed these forms while at the sports academies along with numerous other documents they were required to sign. It is clear from the writing on these forms, that the address for the mailing of the checks was entered by someone other than the students. Students who were interviewed informed the Department that they were unaware of the full purpose of the forms, and in some cases, did not actually sign them.

When questioned, Morthland staff eventually acknowledged that the institution was sending student and parent credit balance checks directly to the sports academies, rather than to the student or parent. In at least two instances, the Department identified credit balance funds totaling \$39,920 that were actually wired to the sports academy's bank account. These Title IV funds belong to the student and/or parent, and should not have been distributed to a third party. Further, Morthland's mishandling of the credit balances created a situation where students were harassed to immediately sign over the checks to the academy without any consideration of whether the funds were needed for living

expenses. Morthland's actions also opened an opportunity for individuals from the sports academies to forge signatures on checks or to illegally deposit the checks without the student or parent endorsement.

Morthland's decision to place the desires of the academies over the welfare of its students exemplifies its callous disregard for its responsibilities as a fiduciary of federal funds. Such actions cannot be tolerated.

II. Morthland No Longer Meets Title IV Institutional Eligibility and Program Eligibility Requirements

A. Morthland's On-Line Classes Do Not Meet the Definition of Distance Education

In order to be eligible to participate in programs authorized by Title IV, a non-profit institution, such as Morthland, must meet several initial eligibility requirements. 34 C.F.R. § 600.4. Even if an institution meets all of these initial requirements, the Department considers the institution not to be eligible if one of the "conditions of institutional ineligibility" applies to the institution. 34 C.F.R. § 600.7. As relevant here, an institution cannot be deemed eligible for participation in the Title IV programs if more than 50% of the institution's courses are correspondence or if 50% or more of the institution's students were enrolled in correspondence courses. 34 C.F.R. §§ 600.7(a)(1)(i),(ii). If an institution exceeds these thresholds during a given award year, it loses eligibility on the last day of that award year. 34 C.F.R. § 600.40(a)(3).

A course is considered to be correspondence if the institution provides instructional material and examinations, by mail or electronic transmission, to students who are separated from the instructor. Correspondence courses offer little interaction between the instructor and student, the interaction is not regular and substantive, and the courses are typically self-paced. A correspondence course is not distance education, which is defined separately in the regulations. 34 C.F.R. § 600.2 (definition of correspondence course). In contrast, distance education is defined as regular and substantive interaction between an instructor and students who are separated. The institution is permitted to use a variety of technologies including the internet, open broadcasting, or audio conferencing. 34 C.F.R. § 600.2 (definition of distance education). Although the technologies that can be used vary, the course must include regular and substantive interaction between the instructor and students in order to be considered distance education for Title IV purposes.

During the course of its review, the Department analyzed the curriculum and platform used to offer "distance education" classes, and analyzed the documentation obtained from Morthland regarding student attendance in the distance education classes for the 2016-2017 award year. As noted above, a course can only be considered distance education for purposes of the Title IV programs if there is regular and substantive interaction between the students and the instructor. The Department's review found that, in general, there

was not regular and substantive interaction between the students and the instructors in the various classes that were taken.

The Department reviewed the on-line activity log for approximately 50% of the sports academy students, and some additional distance education students who did not attend the academies. Staff found various issues which establish that the courses did not meet the Title IV definition of distance education. First, the coursework for the first week consisted of survey questions regarding background, interests, and goals, all of which had auto-generated responses from the system. Assignments for the remaining weeks involved submission of answers to generic questions and essays that did not involve the substantive interaction between students and instructors expected of true distance education. In addition, many of the students reviewed had large gaps of time with no login activity at all, with some gaps ranging as high as 60 days. In some instances, almost all of the activity was at the end of the term or extensions were given so that the students could complete assignments after the term ended. The Department also found instances where students had no activity at all but received grades for the classes.

The facts establish that the design and implementation of the distance education classes at Morthland made them more correspondence than distance education because they lacked regular and substantive interaction. Since the Department determined that the on-line classes were actually correspondence, staff reviewed the students and the courses to determine whether Morthland met the eligibility requirements outlined above related to the correspondence courses. In this regard, the Department found that 79% of the students at Morthland were enrolled in correspondence courses and 59% of the courses were provided as correspondence. These both exceed the 50% threshold established for Title IV eligibility. Consequently, Morthland became ineligible for participation in the Title IV programs at the end of the 2016-2017 award year.

B. Morthland Violated the Title IV Contracting Out Provisions

In order to be eligible to receive Title IV funds, a student must be enrolled in an eligible program at an eligible institution. 34 C.F.R. § 600.32. An educational program is not eligible under Title IV requirements if over 50% of the program is provided by a non-Title IV eligible entity. 34 C.F.R. § 668.5(c). Consequently, students enrolled in such a program are not eligible for Title IV assistance.

Morthland uses a distance education platform known as Atheneo, and the vast majority of the distance education classes are taught through this platform. Atheneo is owned by Knowledge Elements Education Network (KEEN), which is not a Title IV eligible entity. KEEN staff developed the curriculum and courses for the distance education program, and KEEN provided the instructors. As a consequence, KEEN, not Morthland, was providing virtually the entire education program to distance education students. In addition, Morthland failed to notify and receive approval from its accreditor, the Transnational Association of Christian Colleges and Schools, for this arrangement. As

outlined above, a program is not Title IV eligible if more than 50% of it is provided by a non-eligible entity. Since KEEN is not Title IV eligible, and is providing virtually all of the distance education programs, students enrolled in those programs are not eligible for Title IV funds.

In complete disregard for its responsibilities to ensure all Title IV program requirements are met, Morthland entered into a contract with a non-eligible entity to provide distance education to its students. Morthland's complete disregard of Title IV requirements underscores the need for this action.

III. Failure to Meet Title IV Standards of Financial Responsibility

In order to continue participation in the Title IV programs, an institution must meet Title IV standards of financial responsibility. 34 C.F.R. § 668.171(a). Under this standard, an institution must be meeting all of its financial obligations and be current in its debt payments. 34 C.F.R. §§ 668.171(a)(3), (b)(3). An institution's failure to meet this standard is grounds for an administrative action. 34 C.F.R. § 668.171(e)(1).

After reviewing Morthland's financial documentation and obtaining information from former employees, the Department has determined that the institution cannot meet the Title IV standards of financial responsibility. It is clear from the information obtained that Morthland has repeatedly failed to meet its financial and debt obligations. Despite receiving Title IV funds from the Department on behalf of students, Morthland bounced numerous Title IV credit balance checks that were issued to students for living expense funds. In addition, Morthland is currently in arrears on payments under the institution's contract with its third party servicer, on payments to one of its banks for a significant line of credit, and to a construction contractor. Morthland also owes money to the IRS for unpaid payroll taxes. Both the construction company and the IRS have secured liens against Morthland. Morthland attempted to mask these financial issues by using multiple banks for its accounts and transferring funds between the banks to cover only the most immediate financial needs.

Morthland's failure to remain current on its financial obligations and debt payments clearly establishes that it cannot meet Title IV financial responsibility standards. Morthland's unstable financial situation further underscores the need for this action.

Morthland's misconduct cited in this action has shattered the trust placed in Morthland when it signed the PPA with the Department. Morthland repeatedly misused Title IV funds to the detriment of the Department, its students, and the taxpayers. Morthland's failure to act as a fiduciary in administering federal funds creates serious risks that the funds will continue to be misused in the future in the same manner as they have been misused in the past. Further, Morthland's failure to meet institutional, program, and student eligibility requirements, as well as the financial responsibility standards, establishes that Title IV funds will continue to be at risk if action is not taken.

Morthland's serious misconduct has left the Department no choice but to impose this emergency action to prevent the further misuse of Federal funds.

This emergency action is effective on the date of this letter, which is the date of mailing, and will remain in effect until either a decision to remove the emergency action is issued in response to a request from Morthland to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated by Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA program funds.

Morthland may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me via the U.S. Postal Service or an express mail service at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If Morthland requests a show cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. Morthland is entitled to be represented by counsel at the hearing and otherwise during the show cause proceeding.

II.

The Department intends to terminate Morthland's eligibility to participate in the Title IV, HEA programs for all the reasons stated in Part I of this notice. The Department is taking this termination action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs. Initiation of this termination action means that the emergency action will remain in effect until completion of the termination proceeding, unless the emergency action is otherwise lifted. 34 C.F.R. § 668.83(f)(1). The termination proceeding includes any appeal to the Secretary.

The eligibility of Morthland to participate in the Title IV, HEA programs will terminate on September 12, 2017 unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. Morthland may submit both a written request for a hearing and written material indicating why the termination

should not take place. If Morthland chooses to request a hearing or to submit written materials, you must write to me at the address in Part I of this letter.

If Morthland requests a hearing, the case will be referred to the Office of Hearings and Appeals. That office will arrange for assignment of Morthland's case to an official who will conduct an independent hearing. Morthland is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If Morthland does not request a hearing, but submits material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 668.94.

III.

This is also to inform you that the Department intends to fine Morthland \$2,016,789 based on the violations set forth in Part I of this letter. This fine action is being taken in accordance with the procedures that the Secretary has established for assessing fines against institutions participating in any or all of the Title IV, HEA programs. 34 C.F.R. § 668.84. Title IV, HEA program regulations permit a fine of \$54,789 for each such violation. In determining the amount of a fine, the Department considers the gravity of the offense and the size of the institution. 34 C.F.R. § 668.92.

In determining the size of an institution, the Department considers the amount of Title IV program funds received by or on behalf of students for attendance at that institution and compares that figure to the median funding for all institutions participating in the Title IV programs. The most recent year for which complete funding data is available to determine the median funding level for all Title IV recipients is 2014-2015. According to Department records, Morthland received \$249,209 in Direct Loan funds and \$146,435 in Pell Grant funds during the 2014-2015 award year. The latest information available to the Department also indicates that the median funding level for institutions participating in the Direct Loan program during the 2014-2015 award year is \$2,108,926, and the median funding level for the Pell Grant program is \$1,540,305. However, due to Morthland's dramatic increase in Title IV funding levels since 2015, the Department has determined that the amount of the fine should not be mitigated based on Morthland's prior funding. Accordingly, the Department is considering Morthland to be a large institution for purposes of this fine because its funding level for the Direct Loan program dramatically increased to \$2,932,990 for 2016-2017 award year.

Therefore, I have set the following fine amounts:

A. For Morthland's illegal disbursement of Title IV funds to students who did not meet the definition of a regular student, I have set the fine amount at \$912,000. This represents \$3,000 for each of the 304 instances where Morthland illegally disbursed Title IV funds to students attending sports academies, who were instructed to enroll in Morthland's distance education classes for the sole purpose of obtaining Title IV funds to

cover the costs of the sports academy program. The illegal disbursement of these unearned funds underscores the institution's callous attitude towards its fiduciary responsibilities to the Department, and harms the students, the taxpayers and the Department. Based on the extremely serious nature of these actions, I have determined that a fine of \$912,000 is appropriate.

B. For Morthland's retention of unearned Title IV funds when students ceased attending, I have set the fine amount at \$138,000. This represents \$3,000 for each of the 39 instances where Morthland failed to adjust students' Pell awards when students failed to begin attendance in classes for the second session of a term or a subsequent term,³ for the three students where Morthland improperly disbursed second Pell payments when students failed to begin attendance in the second academic term, and for the four students where Morthland improperly disbursed Direct Loan funds when students failed to complete sufficient credits to earn a second year loan. Morthland's retention of unearned Title IV funds represents a flagrant disregard for its fiduciary responsibilities to the Department, and harms the students, the taxpayers, and the Department. Therefore, a fine of \$138,000 is appropriate (\$3,000 x 46 instances).

C. For Morthland's improper use of an inflated COA in order to provide Title IV funds to ineligible sports academies, I have set the fine amount at \$912,000. This represents a fine of \$3,000 for each of the 304 instances where Morthland improperly inflated both the tuition and fees and the room and board components of the COA calculation for students to receive additional funds to pay the charges assessed by the various sports academies. Morthland's improper use of an inflated COA caused undue harm to both these students and their parents, and represents a flagrant disregard for its fiduciary responsibilities to the Department. Therefore, a fine of \$912,000 is appropriate.

D. For Morthland's mishandling of student credit balances, I have determined that a fine of \$54,789 is appropriate. Morthland's decision to place the desires of the sports academies over the welfare of its students caused undue harm to both the students and their parents, the Department and taxpayers, and exemplifies Morthland's callous disregard for its responsibilities as a fiduciary of federal funds.

The \$2,016,789 fine will be imposed on September 12, 2017, unless, by that date, we receive a request for a hearing or written material indicating why the fine should not be imposed. Morthland may submit both a written request for a hearing and written material indicating why the fine should not be imposed. Written material, or a request for a hearing, must be sent to me at the address provided in Part I of this letter. Again, if Morthland requests a hearing, the case will be referred to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of your case to an official who will conduct an independent hearing. Morthland is entitled to be represented by counsel at the hearing and any time during the

³ Morthland also improperly disbursed additional loan funds to five of these students (students 17, 82, 85, 209, and 277) who were not enrolled at least half time.

proceedings. If Morthland does not request a hearing but submits written material instead, I shall consider that material and notify the institution of the amount of the fine, if any, that will be imposed.

IV.

ANY REQUEST FOR A HEARING OR WRITTEN MATERIAL THAT MORTHLAND SUBMITS MUST BE RECEIVED BY SEPTEMBER 12, 2017, OTHERWISE, THE TERMINATION AND FINE WILL BE IMPOSED ON THAT DATE.

If you have any questions or desire any additional explanation of Morthland's rights with respect to these actions, please contact Kerry O'Brien at either the address provided in this letter or by telephone at (303) 844-3319.

Sincerely,

(b)(6)

Susan D. Crim, Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Timothy Eaton, President, TRACS, via email at president@tracs.org
Ms. Cindy Deitsch, Executive Assistant, via email at Deitsch@ibhe.org
Dr. Daniel Cullen, Deputy Director for Academic Affairs, via email at cullen@ibhe.org
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



JAN 11 2013

Dr. Richard E. Sours
President
Mountain State University
609 South Kanawha Street
Beckley, WV 25801-5624

Sent via UPS
Tracking #1ZA5467Y0199209852

OPE-ID: 00380700

Dear Dr. Sours:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Mountain State University (Mountain State). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a December 18, 2012 notice from the Higher Learning Commission (HLC) reporting the final withdrawal of Mountain State's accredited status, effective December 31, 2012. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as HLC, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When Mountain State lost its accreditation on December 31, 2012, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by Mountain State would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from Mountain State and its students and withdraws the authority of Mountain State to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, Mountain State is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. Mountain State is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

assistance payments to students, and from crediting student accounts with respect to such assistance. Further, Mountain State may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between Mountain State and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from Mountain State to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. Mountain State is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of Mountain State to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. Mountain State lost its HLC accreditation on December 31, 2012. As of that date, Mountain State no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of Mountain State's eligibility to participate in the Title IV, HEA programs will become final on January 31, 2013, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. Mountain State may submit both a written request for a hearing and written material indicating why the termination should not take place. If Mountain State chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If Mountain State requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. Mountain State is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If Mountain State does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by January 31, 2013, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after December 31, 2012. See 34 C.F.R. § 600.41(c)(2)(ii). The Philadelphia School Participation Division will then contact you concerning the proper procedures for closing out Mountain State's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of Mountain State's rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

Enclosure 1.

cc: Dr. Sylvia Manning, President, HLC
Dr. Paul Hill, Chancellor, WV Higher Education Policy Commission



MAY 17 2013

Mr. James Boyd
President
Mr. Jim's College of Cosmetology
2855 West Parrish Avenue
Owensboro, KY 42301-2646

Sent via UPS
Tracking #1ZA5467Y0196940129

OPE-ID: 03103500

Dear Mr. Boyd:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Mr. Jim's College of Cosmetology (MJCC). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a May 2, 2013 notice from the National Accrediting Commission of Career Arts and Sciences (NACCAS) reporting the final withdrawal of MJCC's accredited status, effective May 1, 2013. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When MJCC lost its accreditation on May 1, 2013, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by MJCC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from MJCC and its students and withdraws the authority of MJCC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, MJCC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a

Federal Student

An Office of the U.S. Department of Education

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019

Mr. James Boyd
Mr. Jim's College of Cosmetology
Page 2

commitment for aid under the campus-based programs. MJCC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, MJCC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between MJCC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from MJCC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. MJCC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of MJCC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA program.

This termination action is based on the same grounds that are stated in Part I of this notice. MJCC lost its NACCAS accreditation on May 1, 2013. As of that date, MJCC no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of MJCC's eligibility to participate in the Title IV, HEA programs will become final on June 6, 2013, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. MJCC may submit both a written request for a hearing and written

Mr. James Boyd
Mr. Jim's College of Cosmetology
Page 3

material indicating why the termination should not take place. If MJCC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If MJCC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. MJCC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If MJCC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by June 6, 2013, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after May 1, 2013. See 34 C.F.R. § 600.41(c)(2)(ii). The Kansas City School Participation Division will then contact you concerning the proper procedures for closing out MJCC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of MJCC's rights with respect to the emergency action or the termination action, please contact John Rochelle at 202/377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Tony Mirando, Executive Director, NACCAS
Mr. Charles Lykins, Administrator, KY Board of Hairdressers & Cosmetologists



MAR - 6 2015

Dr. Kenneth L. Grunden
President
Ohio Mid-Western College
10765 Reading Rd.
Cincinnati, OH 45241

Sent via UPS
Tracking #1ZA879640199358781

OPE-ID: 03726300

Dear Dr. Grunden:

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Ohio Mid-Western College (OMW). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a February 13, 2015 notice from Transnational Association of Christian Colleges and Schools (TRACS), reporting the final withdrawal of OMW's accredited status, effective February 12, 2015. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as TRACS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When OMW lost its accreditation on February 12, 2015, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by OMW would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from OMW and its students and withdraws the authority of OMW to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, OMW is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. OMW is

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Administrative Actions and Appeals Service Group

830 First St., N.E. Washington, D.C. 20002-8019

Studentsaid.gov

also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, OMW may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between OMW and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from OMW to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to the following address:

Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. OMW is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of OMW to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. OMW lost its TRACS accreditation on February 12, 2015. As of that date, OMW no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of OMW's eligibility to participate in the Title IV, HEA programs will become final on March 26, 2015, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. OMW may submit both a written request for a hearing and written material indicating why the termination should not take place. If OMW chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If OMW requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. OMW is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If OMW does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by March 26, 2015, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after February 12, 2015. See 34 C.F.R. § 600.41(c)(2)(ii). The Chicago/Denver School Participation Division will then contact you concerning the proper procedures for closing out OMW's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of OMW's rights with respect to the emergency action or the termination action, please contact Mitch Cary at 303/844-3145, or by e-mail at mitch.cary@ed.gov. Mr. Cary's facsimile transmission number is 303/844-4695.

Sincerely,

(b)(6)

Robin S. Minor
Acting Director
Administrative Actions and Appeals Service Group

Enclosure

cc: T. Paul Boatner, Transnational Association of Christian Colleges and Schools via pboatner@tracs.org
Amber Brady, Ohio Board of Regents via abrady@regents.state.oh.us
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov



JUL 27 2012

Ms. Juliet Mee
President
Professional Massage Training Center
229 East Commercial
Springfield, MO 65803-2939

Sent via UPS
Tracking #1ZA5467Y0192559997

OPE-ID: 03878300

Dear Ms. Mee:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Professional Massage Training Center (PMTc). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a July 12, 2012 notice from the Accrediting Commission of Career Schools and Colleges (ACCSC) reporting the final withdrawal of PMTC's accredited status, effective July 11, 2012 (Enclosure). Accreditation by a nationally recognized accrediting agency, such as ACCSC, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When PMTC lost its accreditation on July 11, 2012, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by PMTC would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from PMTC and its students and withdraws the authority of PMTC to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, PMTC is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington, DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID ~~START~~ START HERE. GO FURTHER.

Program, or by issuing a commitment for aid under the campus-based programs. PMTC is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, PMTC may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between PMTC and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from PMTC to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. PMTC is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of PMTC to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. PMTC lost its ACCSC accreditation on July 11, 2012. As of that date, PMTC no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of PMTC's eligibility to participate in the Title IV, HEA programs will become final on August 16, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. PMTC may submit both a written request for a hearing and written material indicating why the termination should

not take place. If PMTC chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If PMTC requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. PMTC is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If PMTC does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by August 16, 2012, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after July 11, 2012. See 34 C.F.R. § 600.41(c)(2)(ii). The Kansas City School Participation Division will then contact you concerning the proper procedures for closing out PMTC's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of PMTC's rights with respect to the emergency action or the termination action, please contact John Rochelle at 202-377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Mary L. Gust
Director

Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Michale S. McComis, Executive Director, ACCSC
Dr. David Russell, Commissioner, CBHE



MAR 30 2018

Freda Poe
Owner
Pryor Beauty College
330 West Graham
Pryor, OK 74361

Sent Via UPS
Tracking #: 1Z37X7Y30199868130
OPE-ID: 03329400

Dear Ms. Poe:

This is to inform you that the United States Department of Education (Department) intends to terminate the eligibility of Pryor Beauty College (PBC) to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. and 42 U.S.C. §§ 2751 et seq. (Title IV, HEA programs) for the reasons set forth in Part I of this letter. As a result, PBC will no longer qualify as an eligible institution under the HEA and will no longer be eligible to participate in the Title IV, HEA programs.

The Department intends to terminate PBC's eligibility to participate in the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), and William D. Ford Federal Direct Loan (Direct Loan). The Direct Loan program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan program, and the Federal Direct PLUS Program.

The Department is taking this action pursuant to § 487(c)(1)(F) of the HEA, 20 U.S.C. § 1094(c)(1)(F), and 34 C.F.R. § 668.86. Section 668.86 sets forth the procedures the Secretary of Education (Secretary) has established for initiating the termination of eligibility of an institution to participate in the Title IV, HEA programs. Specifically, this action is based on PBC's failure to meet the standards of participation set forth at 34 C.F.R. Part 668, Subpart B, failure to meet the standards of financial responsibility set forth at 34 C.F.R. Part 668, Subpart L, and failure to meet the fiduciary standard of conduct. See 34 C.F.R. §§ 668.13(a), 668.82(a). The Department has determined that PBC has failed to meet these standards based on its late submission of the compliance and financial statement audit for its 2016 fiscal year, and failure to provide the surety required by the Department.

A. PBC FAILED TO TIMELY SUBMIT ITS ANNUAL AUDIT SUBMISSION FOR ITS FISCAL YEAR ENDED DECEMBER 31, 2016

An institution that participates in any Title IV, HEA program must have an independent auditor conduct an audit of its administration of that program and an audit of the institution's

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

financial statements. 20 U.S.C. § 1094(c)(1)(A)(i); 34 C.F.R. § 668.23(a)(2). The compliance audit must be conducted in accordance with U.S. General Accounting Office's (GAO's) Government Auditing Standards, and the audit guides issued by the Department's Office of Inspector General (OIG). 34 C.F.R. § 668.23(b)(2). Financial statements must be prepared on an accrual basis in accordance with generally accepted accounting principles and must be audited by an independent auditor in accordance with generally accepted government auditing standards. 34 C.F.R. § 668.23(d)(1). A proprietary institution of higher education such as PBC must submit its compliance and financial statement audits to the Department no later than six months after the last day of the institution's fiscal year. 34 C.F.R. § 668.23(a)(4). Those documents comprise the institution's combined fiscal year audit submission.

PBC's fiscal year ends on December 31. Pursuant to 34 C.F.R. § 668.23(a)(4), PBC's annual audit submission for the fiscal year ended (FYE) December 31, 2016 was due to the Department by June 30, 2017. Nevertheless, PBC did not submit an acceptable annual audit submission for FYE December 31, 2016 until September 29, 2017, 91 days late.

PBC's failure to timely submit its annual audit submission for FYE December 31, 2016 is a serious violation, as such compliance and financial statement audits provide the Department with critical information necessary to assess the institution's compliance with the statutes and regulations governing the Title IV, HEA programs. The financial responsibility regulations at 34 C.F.R. § 668.171(e) specifically provide that the failure of an institution to submit its annual audits by the date permitted and in the manner required under 34 C.F.R. § 668.23 is grounds for adverse action by the Department to end the institution's participation in the Title IV, HEA programs.

B. PBC FAILED TO MEET THE STANDARDS OF FINANCIAL RESPONSIBILITY

To continue participation in any Title IV, HEA program, an institution must demonstrate to the Department that it is financially responsible under the standards set forth at 34 C.F.R. Part 668, Subpart L. Pursuant to 34 C.F.R. §§ 668.171(d)(2) and 668.174(a)(3), an institution is not financially responsible if the institution has been cited during the preceding five years for failure to timely submit an acceptable annual compliance and/or financial statement audit.

On September 8, 2017, the Department sent a letter citing PBC for its failure to timely submit an acceptable annual audit submission for FYE December 31, 2016.¹ The letter advised PBC that its untimely submission constituted a past performance violation under 34 C.F.R. § 668.174(a)(3), which would result in, among other things, continued provisional certification, the posting of a letter of credit, and placement on a heightened cash monitoring payment method, for a minimum of five years. PBC did not respond to the letter.

Subsequently, on October 27, 2017, the Department sent a letter to PBC notifying the institution that in view of the September 8, 2017 citation letter and resulting past performance violation, PBC could only continue participation in the Title IV, HEA programs under the Provisional

¹ The Department sent PBC notices on May 31, 2017 and July 1, 2017 reminding the institution of this requirement.

Certification Alternative set forth at 34 C.F.R. § 668.175(f). The Department informed PBC that under the provisions of 34 C.F.R. § 668.175(f)(2)(i), it was required to post an irrevocable letter of credit (LOC) in the amount of \$23,209, which was 10% of the Title IV, HEA program funds received by PBC during its most recently completed fiscal year. The Department also informed PBC that under the provisions of 34 C.F.R. § 668.175(f)(2)(iii), the institution would be required to comply with the provisions of the Zone Alternative specified at 34 C.F.R. § 668.175(d)(2) and (3), which, in PBC's case, included the Heightened Cash Monitoring (HCM) method of payment. The LOC was due to the Department by January 10, 2018.

On November 1, 2017, you called Department staff and acknowledged receipt of the Department's October 27, 2017 letter. After first stating you were considering appealing, you then said you would provide the LOC. On November 30, 2017, Department staff sent emails to both you and Ms. Debbie Ailey, President of PBC, reminding you of the required submission of the LOC. Then, on January 9, 2018, Department staff spoke with you by telephone regarding the LOC, as it was due the next day, at which time you stated, among other things, that you were still working on submitting it, and needed an extension. After this conversation Department staff sent you a follow-up email, which reiterated that if PBC needed an extension of the January 10, 2018 due date, it needed to submit a written request, including the reason for the extension, to the Department by close of business that day, January 9, 2018. Later that afternoon, you emailed PBC's written request for an extension, in which you explained that you were ill, and that your medical issues had prevented you from obtaining the LOC. On January 12, 2018, the Department sent a letter by email providing PBC additional time, until January 31, 2018, to submit the LOC. The Department informed you in the letter that if PBC failed to provide the LOC by the extended due date, the institution could be referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for initiation of termination proceedings pursuant to 34 C.F.R. § 668.86. PBC failed to submit the LOC by January 31, 2018.

On February 12, 2018, Department staff spoke with you by telephone regarding PBC's failure to submit the LOC. At that time, you stated that employees of Arvest Bank (Arvest) were drafting the LOC; however they needed clarification regarding where to mail the document. On February 13, 2018, Department staff spoke directly with Ms. Ashley Allen, International Banking Manager of Arvest, who stated that PBC was only in the "application process" with regard to obtaining the LOC, and that there was no guarantee that Arvest would approve PBC's application. On March 3, 2018, Department staff followed up with Ms. Allen, who stated that the LOC would not be issued unless PBC provided cash security in the required amount. On March 29, 2018, Ms. Allen affirmed that Arvest has not issued the LOC, as PBC has not provided the required security. As of the date of this letter, PBC still has not submitted the required LOC to the Department.

The Department's standards of financial responsibility were established to ensure that only institutions which are sound and financially capable of meeting their educational and administrative responsibilities, including timely submission of compliance and financial statement audits, are allowed to participate in the Title IV, HEA programs. In addition, the Secretary has specifically determined that late submission of such audits is sufficiently detrimental to the integrity of the Title IV, HEA programs that an institution cited for this violation is not financially responsible and consequently must provide at least a 10% LOC,

among other requirements designed to protect students and the taxpayers. Therefore, PBC's failure to demonstrate financial responsibility through its failure to provide the required surety warrants termination of its participation in the Title IV, HEA programs.

C. PBC HAS FAILED TO DEMONSTRATE ADMINISTRATIVE CAPABILITY

To continue to participate in the Title IV, HEA programs, an institution must demonstrate that it is capable of adequately administering those programs. The Secretary considers an institution to have the requisite administrative capability if the institution administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations. 34 C.F.R. § 668.16(a). Through its failure to timely submit to the Department its annual audit submissions for its 2016 fiscal year, and failure to provide the required LOC, PBC has failed to demonstrate the required administrative capability.

D. PBC HAS FAILED TO MEET THE FIDUCIARY STANDARD OF CONDUCT

An institution participating in the Title IV, HEA programs acts in the nature of a fiduciary in the administration of the Title IV, HEA programs. 34 C.F.R. § 668.82(a). In the capacity of a fiduciary, an institution is subject to the highest standard of care and diligence in administering those programs and in accounting to the Department for the funds received under those programs. 34 C.F.R. § 668.82(b). Through its failure to submit the LOC required by the Department, and late submission of its annual audit submissions for its 2016 fiscal year, PBC has failed to meet the fiduciary standard of conduct.

The eligibility of PBC to participate in the Title IV, HEA programs will terminate on **April 19, 2018**, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. If PBC chooses to request a hearing or to submit written material, you must submit that information to me at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement Unit
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If PBC requests a hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to a hearing official, who will conduct an independent hearing. PBC is entitled to be represented by counsel at the hearing and otherwise during the termination proceedings. If PBC does not request a hearing, but submits written material instead, I shall consider that material and will notify PBC whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 668.94.

ANY REQUEST FOR A HEARING OR WRITTEN MATERIAL THAT PBC SUBMITS MUST BE RECEIVED BY APRIL 19, 2018, OTHERWISE, THE TERMINATION WILL BE IMPOSED ON THAT DATE.

If you have any questions or desire any additional explanation of PBC's rights with respect to these actions, please contact Christina Fredrick of my staff at 303-844-3254 or via email at Christina.Fredrick@ed.gov.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

cc: Dr. Tony Mirando, Executive Director, National Accrediting Commission of Career Arts and Sciences (NACCAS), via amirando@naccas.org
Sherry G. Lewelling, Executive Director, Oklahoma State Board of Cosmetology, via slewelling@cosmo.ok.gov
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



MAR 27 2014

Mr. Benjamin Lederer
President
Rabbinical Seminary M'kor Chaim
1571 55th Street
Brooklyn, NY 11219-4300

Sent via UPS
Tracking #1ZA879640192868911
OPE-ID: 00861700

Dear Mr. Lederer:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Rabbinical Seminary M'kor Chaim (M'kor Chaim). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a March 24, 2014 letter from the Association of Advanced Rabbinical and Talmudic Schools (AARTS) to M'kor Chaim concerning the final withdrawal of the institution's accredited status, effective March 5, 2014. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as AARTS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When M'kor Chaim lost its accreditation on March 5, 2014, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by M'kor Chaim would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from M'kor Chaim and its students and withdraws the authority of M'kor Chaim to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

Federal Student Aid
An Office of the U.S. Department of Education

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

While the emergency action is in effect, M'kor Chaim is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. M'kor Chaim is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, M'kor Chaim may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between M'kor Chaim and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from M'kor Chaim to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. M'kor Chaim is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of M'kor Chaim to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

Mr. Benjamin Lederer
Rabbinical Seminary M'kor Chaim
Page 3

This termination action is based on the same grounds that are stated in Part I of this notice. M'kor Chaim lost its AARTS accreditation on March 5, 2014. As of that date, M'kor Chaim no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of M'kor Chaim's eligibility to participate in the Title IV, HEA programs will become final on April 16, 2014, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. M'kor Chaim may submit both a written request for a hearing and written material indicating why the termination should not take place. If M'kor Chaim chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If M'kor Chaim requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. M'kor Chaim is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If M'kor Chaim does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by April 16, 2014, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after March 5, 2014. See 34 C.F.R. § 600.41(c)(2)(ii). The NY/Boston School Participation Division will then contact you concerning the proper procedures for closing out M'kor Chaim's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of M'kor Chaim's rights with respect to the emergency action or the termination action, please contact Don Tanguilig at (202) 377-3796, or by e-mail at don.tanguilig@ed.gov.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Mr. Keith Sharfman, Director, AARTS via e-mail at k.sharfman.aarts@gmail.com
Ms. Merryl H. Tisch, Chancellor, NY Department of Education via e-mail at RegentTish@mail.nysed.gov



DEC - 6 2018

Mr. Paul Bonagura
President
RWM Fiber Optics, Inc.
16627 South Avalon Blvd. #A
Carson, California 90746

SENT VIA UPS OVERNIGHT MAIL
Tracking # 1Z37X7Y30198857297
OPE-ID: 04150300

Dear Mr. Bonagura:

This is to inform you that the United States Department of Education (Department) is hereby imposing an emergency action against RWM Fiber Optics, Inc. (RWM). The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(G), and the procedures for emergency action set forth in the Student Assistance General Provisions regulations at 34 C.F.R. § 668.83, for the reasons identified in Part I of this letter. As explained in Part II of this letter, for these same reasons, the Department intends to terminate the eligibility of RWM to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 et seq. (Title IV programs).

I.

Under this emergency action, the Department withholds funds from RWM and its students and withdraws RWM's authority to obligate and disburse funds under the following Title IV programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grant (IASG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins), and William D. Ford Federal Direct Loan (Direct Loan). The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, RWM is barred from initiating commitments of Title IV Program aid to students, whether by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or issuing a commitment for aid under the campus-based programs. RWM is also barred from using its own funds or Federal funds on hand to make Title IV program grants, loans, or work assistance payments to students, or to credit student accounts with respect to such assistance. Further, RWM may not release to students Direct Loan proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between RWM and the Department, RWM may not disburse or obligate any additional Title IV program funds to satisfy commitments in

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

accordance with 34 C.F.R. § 668.26 for as long as the emergency action remains in effect.

In order to take an emergency action against an institution, a designated Department official must determine that immediate action is necessary to prevent the continued misuse of Federal funds, and that the likelihood of loss outweighs the importance of awaiting the outcome of the regulatory procedures prescribed for limitation, suspension, or termination actions. As the designated Department official, I have determined that immediate action is necessary to prevent misuse of Federal funds, and that the likelihood of loss outweighs the importance of these regulatory procedures for limitation, suspension, or termination.

I have based this decision upon reliable information obtained during a review and investigation that was conducted by the Department's San Francisco/Seattle School Participation Division. As part of its review, the Department analyzed documentation that was obtained during an on-site review of RWM, documentation and information obtained during the subsequent investigation of the issues initially identified during the review, information obtained during student and employee interviews, information obtained from various WorkSource offices and the Department of Labor, and documentation provided by RWM in its Heightened Cash Monitoring 2 (HCM2) submissions. The information disclosed severe breaches of RWM's fiduciary duty to the Department, the various entities implementing the Workforce Innovation and Opportunity Act (WIOA) programs, and the institution's students. Specifically, RWM repeatedly falsified students' Free Application for Federal Student Aid (FAFSA) applications to illegally obtain Title IV funds, illegally retained students' credit balances, falsified student eligibility documentation, and made multiple misrepresentations to its students. Based on the violations outlined below, I have determined that an emergency action against RWM is warranted.

I. DERELICTION OF FIDUCIARY DUTY

Before RWM began participation in the Title IV, HEA programs, you signed a program participation agreement (PPA) with the Department stating that RWM would comply with all Title IV program requirements. These requirements mandate that RWM use funds received under Title IV solely for the purposes specified in each individual student assistance program, since the funds received under those programs are held in trust for the intended student beneficiary and the Secretary. 20 U.S.C. § 1094(a)(1); see generally 34 C.F.R. § 668.14. By entering into a PPA with the Department, RWM, and its officers, accepted the responsibility to act as fiduciaries in the administration of the Title IV programs. As fiduciaries, the institution and officers are subject to the highest standard of care and diligence in administering the Title IV, HEA programs and in accounting to the Secretary for the funds received. 34 C.F.R. § 668.82(a) and (b).

In order to meet its responsibilities to the Department, an institution must be capable of adequately administering the Title IV programs. In this regard, an institution must

comply with all Title IV statutory and regulatory requirements. 34 C.F.R. § 668.16(a). An institution must also administer the Title IV programs in which it participates with adequate checks and balances in its system of internal controls. 34 C.F.R. § 668.16(c)(1). This includes maintaining accurate and complete records supporting all Title IV payments made to each student. See 34 C.F.R. §§ 668.16(d), 668.24. An institution's maintenance and submission of accurate student eligibility records is critical to the Department's oversight responsibilities. The Department relies on those records when determining if a student is eligible to receive Title IV funds and in determining the amount they are entitled to receive.

RWM offers courses including Fiber Optic Broadband Technician, Broadband Cable Television & Satellite Technician, Home Audio and Video Technician, Security, Surveillance & Alarm Technician, and Communications Technician, among others. RWM recruits heavily among veterans and displaced workers. In this regard, the institution cultivates contacts at various local WorkSource and youth employment program offices that encourage individuals to inquire about the educational opportunities offered at RWM. As a result, the majority of the students who attend RWM are veterans, youth, and displaced workers seeking to obtain training to enter or re-enter the workforce.

As discovered during the program review and subsequent investigation, RWM repeatedly breached its fiduciary duty to the Department and its students. RWM's misconduct is exemplified by its falsification of student FAFSAs to illegally obtain Title IV funds to which it was not entitled, its failure to timely pay student credit balances to its needy students, the false certification of its HCM2 requests, its falsification of records to mask its egregious misconduct, its failure to maintain accurate records, and its multiple misrepresentations to students.

A. Falsification of Student Eligibility Information on the FAFSA

Only eligible students enrolled in eligible programs may receive Title IV program funds. 20 U.S.C. § 1091; 34 C.F.R. § 668.32. The amount of Title IV assistance received by an eligible student is based on the student's cost of attendance at the institution, the student's need, and the student's expected family contribution (EFC). 20 U.S.C. §§ 1087ll-1087ss. A student's EFC is affected by factors such as dependency status, household size, and student and parent income. The falsification of any of these factors can significantly affect the amount of Title IV funds a student is entitled to receive.

In general, students under the age of 24 are considered to be dependent students reliant on their parents. The Title IV statute sets forth requirements that must be met in order to process students as independent, rather than dependent, for Title IV purposes. Under those requirements, a student can be considered independent if he/she has legal dependents other than a spouse. 20 U.S.C. § 1087vv(d). If the student meets these criteria, the student can apply for financial aid as an independent student which allows the student to include only his or her income on the application. Dependent students

must include their parents' income, as well as their own, for purposes of determining financial need and EFC.

To be eligible, students must also be academically qualified to study at a postsecondary level. In this regard, and as relevant here, a student must have a high school diploma or its equivalent to meet this requirement. 34 C.F.R. § 668.32(e)(1). Questions related to the various eligibility requirements are contained in the FAFSA. The Department relies on the information contained in the FAFSA for determining whether a student is eligible to receive Title IV funds and for determining the correct amount of Title IV funds a student is entitled to receive.

When a student begins the process of applying for Title IV funding, he or she establishes an account in the Department's system so that the FAFSA can be completed by the students and, if required, the parents and be submitted for processing. During this process, the student creates an FSA User ID, FSA password, and FSA Challenge Questions and Answers which are used to ensure the security of the information being transmitted to the Department. This information is for the student's use only and is not to be shared with institutions. Although institutions can assist students in filling out the FAFSA by answering the students' questions, the student should be entering information into the application and certifying to its accuracy. Institutional officials should not access a student's application or make changes to the information in that document.

During the course of its review, the Department found that not only was RWM improperly establishing security information for its students, it also improperly retained copies of this information in student files. Further, students interviewed by the Department stated that RWM officials asked them the questions on the FAFSA, but the school officials actually entered the information into the FAFSA on the computer. Students did not review or certify the information prior to its submission to the Department. As evidenced by the falsifications discovered for the students outlined below, it is clear that RWM operated in this manner to make it easier to illegally obtain Title IV funds.

In the files reviewed, the Department found that RWM falsified the FAFSA for students 2, 8, 9, 18, 26, 32, 36, 41, 45, 46, 53, 54, 58, 59, 62, 68, 69, 74, 79, 81, 87, 90, 100, 101, 102, 106, 107, 109, 113, 114, 116, 120, and 121 by claiming the student had a child or other dependent they supported when they did not.¹ In many cases, the students informed Department staff that they told RWM officials they did not have children nor did they support any other individuals. In other cases, the student file documentation itself establishes that the students did not have dependents. It is clear that RWM falsified the FAFSA information to make it appear that these students were properly processed for Title IV aid as independent students when they actually should have been processed as dependent students and had parental income included in the analysis. By taking this action, RWM illegally obtained additional Title IV funds to which it was not entitled.

¹ The list of students is enclosed as Enclosure A.

In addition to falsifying student dependency status, RWM also falsified the high school status for students 36 and 110. Although the students did not have a high school diploma or GED, RWM falsified the students' FAFSA information to make it appear the students met this critical eligibility criteria. The students informed the Department that they told RWM officials they did not have a high school diploma or GED when they enrolled. Despite this fact, RWM illegally obtained Title IV funds for these ineligible students and falsified the FAFSA to mask this fact. RWM also improperly obtained Title IV funds for student 121 even though his file documentation clearly established that he did not have a high school diploma or GED.

RWM's fraudulent scheme to illegally obtain Title IV funds is in direct conflict with the institution's fiduciary responsibility to the Department. Consequently, RWM cannot continue its participation in the Title IV programs.

B. Illegal Retention of Student Credit Balances

If an institution disburses Title IV program funds by crediting a student's account and the total amount of all Title IV program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the student is required to pay, the institution must pay the resulting credit balance directly to the student or parent. These credit balances must be paid as soon as possible but no later than 14 days after the balance occurred or 14 days after the first day of classes in a payment period if the balance occurred before that time. 34 C.F.R. § 668.164(h).

As noted above, the majority of RWM students were veterans and individuals referred through a relationship with various local offices that administered state and federal grants provided by WIOA. Veterans who attended RWM received funds to attend the institution from the Veterans Administration (VA), which in most cases covered the full tuition and fees charged by the institution. Students who participated in the WIOA programs received a grant amount based on the program they enrolled in at RWM. In general, the longer the program of study, the more WIOA funds the student was entitled to receive for their training. Most of the students also applied for Pell Grants and/or Direct Loans to cover remaining tuition costs or for living expenses such as housing and transportation.

In reviewing the student files, the Department discovered that RWM illegally retained students' Title IV credit balances. In the case of Students 6, 9, 14, 16, 26, 27, 36, 39, 42, 44, 48, 49, 51, 55, 57, 60, 66, 73, 78, 84, 87, 91, 95, 98, 101, 102, 111, 113, 114, 115, 117, 118, 122, 123, 125, and 127, RWM failed to pay the credit balances that were owed. RWM's callous attitude towards these students is exemplified by its actions towards Student 48. Student 48 was enrolled in the Com Tech 103 program which cost \$15,550. Since the student was a veteran, the VA paid the full tuition for this program. Student 48 also received Workforce money totaling \$14,400, Pell Grant funds totaling \$5,775, and Direct Loan funds totaling \$3,500. Since the student's tuition and fees were fully paid by

VA funds, funds owed to the student accrued as Workforce, Pell, and Direct Loan funds were credited to the student's account. Although RWM ultimately paid a portion of the funds to the student, a total of \$16,239 remains unpaid.

Although Students 1, 10, 14, 16, 17, 20, 21, 22, 25, 27, 28, 33, 34, 35, 39, 40, 44, 47, 48, 49, 50, 52, 54, 56, 57, 58, 60, 64, 65, 75, 78, 85, 88, 91, 92, 94, 99, 103, 105, 107, 111, 115, 118, 122, and 123 ultimately received credit balance funds they were owed, RWM retained the funds well past the time frame when they should have been disbursed to the students to pay for the additional expenses incurred while the students pursued their educational programs. In many cases, RWM refused to pay the funds until after the students graduated. In other cases, RWM told the students that they would provide them monthly payments despite the fact that the students were entitled to receive the funds within 14 days of the time the credit balances were created. Students also informed the Department that many times RWM did not provide them the monthly payments as promised, and they would have to complain or beg to receive the funds that actually belonged to them. Further, RWM counted as credit balance disbursements payments that it promised students as incentives for referring other students to the school. RWM concealed its credit balance issues by not recording WIOA payments on some student ledgers. In the files reviewed, RWM held payments as long as 338 days past the required date the funds should have been paid to the students.

RWM's actions regarding the payment of student credit balances exemplifies its blatant disregard for the needs of its students, and is in direct conflict with a fiduciary standard of conduct.

C. Falsification of Heightened Cash Monitoring 2 Submissions

An institution participating in the Title IV programs can obtain funds under three different methods of payment. 34 C.F.R. § 668.162. Under the advanced method of payment, an institution submits a request to the Department for funds immediately needed for disbursement for eligible students and receives those funds without submitting any supporting documentation. 34 C.F.R. § 668.162(b). The vast majority of institutions participating in the Title IV programs receive funds under the advanced method of payment. When the Department determines that an institution has serious programmatic violations, has violated its fiduciary responsibilities to the Department, or has financial responsibility issues, the institution is placed on heightened cash monitoring 2 (HCM2). Under this method of payment, the institution must submit documentation and the Department releases the funds only after reviewing the documentation to determine if the students for whom the institution is requesting funds are eligible. 34 C.F.R. § 668.162(d).

The Department has established procedures that an institution must follow under the HCM2 method of payment. Under these procedures, institutions must submit a roster of students for whom they want to receive Title IV funds, and must submit underlying eligibility documentation such as student applications, ledger cards, individual student aid

reports (ISIRs), and attendance documentation. The institution must also submit what is called a Form 270 that contains a certification, to be signed by the institution's owner or chief executive officer, confirming that all information contained in the request is accurate. The form also contains a warning that "any person knowingly providing false or misleading information on this certification will be subject" to a fine or imprisonment.

After discovering some serious Title IV violations during the course of its review of RWM, the Department placed the institution on HCM2 on September 19, 2017. The institution submitted two HCM2 submissions that were rejected by the Department because the documentation submitted contained errors, the documentation did not support the requested disbursements, and student credit balances had not been paid. The institution's most recent request remains pending.

During the course of its review of the file documentation submitted in the HCM2 requests, the Department discovered that RWM had submitted falsified documentation in an attempt to illegally obtain Title IV funds. Students 15, 31, 41, 61, 63, 82, and 106 were included in RWM's HCM2 requests. As noted above, RWM falsified the FAFSA applications for students 41 and 106 to make it appear the students were independent based on dependents when this was not true. RWM also falsified supporting documentation to cover their illegal actions. For example, in the case of Student 41, RWM submitted the student's application for enrollment as part of the HCM2 package. In the question regarding children, a "two" was added where the student had clearly placed a "zero", and the student's answer regarding his living situation was changed from "living with parents/pay rent" by adding underneath "they live with me." In the case of Student 106, RWM submitted a falsified application where they also added a "three" where the student had placed a "zero" regarding children, and submitted a completely falsified statement regarding dependent children and the student's living situation.

In addition to the falsified documentation supporting dependency status, the Department discovered falsified leave of absence forms, falsified enrollment agreements, falsified student progress reports, falsified ledgers, and falsified income statements. Falsified documents were found in the HCM2 request for Students 15, 31, 61, 63, and 82.

Despite your certification to the contrary, RWM submitted falsified documentation in an attempt to illegally obtain Title IV funds. This egregious misconduct is completely inconsistent with the fiduciary standard of conduct expected of an institution participating in the Title IV programs.

In addition, RWM failed to identify Title IV returns that were owed to students by listing them in the HCM2 request and subtracting the amounts from the total funds requested. This is in direct violation of the certification that was signed stating that all returns had been made. Such action also violates RWM's fiduciary responsibility to the Department and its students.

D. Failure to Maintain Accurate Required Student Documentation

Federal regulations require an institution to establish and maintain on a current basis all records necessary to establish its proper administration of the Title IV, HEA programs and its application for any Title IV, HEA funds. 34 C.F.R. § 668.24(a). In addition, an institution must maintain all records needed to properly account for its receipt and expenditure of Title IV, HEA funds including all source documents used to support Title IV, HEA disbursements. 34 C.F.R. §§ 668.24(b), (c). To satisfy this requirement, institutions are required to maintain source documentation (original daily attendance records) to validate the entry of hours into computer systems or other summary formats. In general, attendance records are required to establish academic payment periods, to determine the timing of subsequent disbursements of Title IV, HEA funds, and to establish the last date of attendance for a student who withdraws or stops attending, as well as to establish whether or not a student is meeting the institution's Satisfactory Academic Progress (SAP) standards. See 2016-2017 Federal Student Aid Handbook, Volumes 2 at 143-145 and 3 at 1-31. See also 34 C.F.R. §§ 668.4, 668.22, and 668.34.

The Title IV regulations also require an institution to keep records relating to its administration of the Federal Pell Grant Program for three years after the end of the award year for which the aid was awarded and disbursed. 34 C.F.R. § 668.24(e)(1). For the Direct Loan Program (Subsidized, Unsubsidized, and Graduate PLUS), an institution is required to keep records relating to a student or parent borrower's eligibility and participation in these programs for three years after the end of the last award year in which the student last attended the institution. 34 C.F.R. § 668.24(e)(2)(i).

Attendance records are critical for determining the amount of Title IV, HEA funds that an institution can retain when a student withdraws. In order for RWM to correctly calculate Return to Title IV calculations (R2T4), RWM must ensure that all elements in the return calculations, including last dates of attendance, are valid.

During the on-site portion of the program review, RWM informed the Department's review team that it had failed to maintain its source attendance documentation, specifically the class rosters upon which it recorded student attendance on a daily basis, for the required record retention period described above. When the reviewers requested that RWM provide class rosters for two students in the original program review sample, RWM claimed that the requested records were not available because RWM had discarded the daily sign in sheets for the time period prior to 2017. In response to the Department's concerns regarding its actions, RWM represented that the attendance and grade data reported on the class rosters is entered into student progress reports, which are then accumulated in the School Transcript, which ultimately serves as RWM's official record of attendance. RWM further indicated that the individual student attendance records as set forth in the "Actual Attendance" section of the "Student Mastersheet" that RWM's third-party servicer, R. Gonzalez Management (RGM), Inc., maintains in its system, serve as back-up documentation of each students' attendance.

In those limited circumstances where the Department was able to compare the attendance reported in the "Student Mastersheets" with the class rosters, the Department determined that the attendance reported on the mastersheets did not match the original sign-in records provided by RWM. Further, the Department's review of RWM's student progress reports in conjunction with other student file documentation yielded numerous discrepancies. Yet further, students who were interviewed reported that RWM provided the Department with falsified attendance, progress, transcript, enrollment, and placement documentation. Such false or discrepant student file documentation was found in the files of students 1, 3, 5, 15, 17, 18, 19, 23, 24, 28, 29, 31, 32, 35, 36, 38, 43, 45, 46, 59, 61, 62, 63, 64, 71, 93, 94, 97, 98, 107, 109, 112, 116, 130, 131, and 132.

Since RWM improperly destroyed its source attendance documentation, the Department was not able to confirm actual commencement of attendance or the dates that students attended classes. Without such information, the Department could not determine the veracity of the institution's return calculations, nor was the Department able to review whether students met SAP standards. Based on the false and discrepant information that was uncovered, the Department has serious doubts that RWM properly calculated returns and properly applied its SAP standards.

E. Misrepresentation

Inherent in a fiduciary standard of conduct is the requirement that an institution operate in a forthright and truthful manner when dealing with students. In this regard, institutions are prohibited from making misrepresentations to students, or prospective students, regarding their educational programs, the financial charges assessed by the institution, or the employability of its graduates. 34 C.F.R. §§ 668.71-668.74. Department reviewers discovered that RWM misled students regarding key elements of their educational programs and financial charges.

The Department discovered through student interviews that although RWM promised the students that the school had great instructors who had jobs in their fields and who would teach the students the skills necessary to get a job, students did not receive training in all promised functional areas and in some cases stated they did not learn anything. Students reported that instructors provided students with the answers to questions so that students could pass tests. Further, students reported that RWM did not provide the equipment and materials necessary for students to complete their programs of study, refused to provide them with toolkits they had been promised upon graduation, and falsely promised that RWM would find them a job in their field upon graduation.

With regard to financial charges, RWM falsely assured students they would not have to pay out of pocket to attend the school. RWM also falsely promised that students would receive monthly stipends while in school. RWM staff told students they had to get a loan to pay school charges and did not tell students that part of their tuition and fees were actually being paid with WIOA grant funds. In addition, students who said they declined

loans, nevertheless had student loans in their name. Other students were not aware of the amount of the loans they had received.

RWM's repeated misrepresentations underscore its complete disregard for the welfare of its students, most of whom are veterans, low income youth, and displaced workers who needed training to become successful members of the workforce. RWM's misrepresentations further highlight the need for this emergency action.

This emergency action is effective on the date of this letter, which is the date of mailing, and will remain in effect until either a decision to remove the emergency action is issued in response to a request from RWM to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated by Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA program funds.

RWM may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me via the U.S. Postal Service or an express mail service at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Enforcement
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If RWM requests a show cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. RWM is entitled to be represented by counsel at the hearing and otherwise during the show cause proceeding.

II.

The Department intends to terminate RWM's eligibility to participate in the Title IV, HEA programs for all the reasons stated in Part I of this notice. The Department is taking this termination action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs. Initiation of this termination action means that the emergency action will remain in effect until completion of the termination proceeding, unless the emergency action is otherwise lifted. 34 C.F.R. § 668.83(f)(1). The termination proceeding includes any appeal to the Secretary.

Mr. Paul Bonagura
RWM Fiber Optics, Inc.
Page 11

The eligibility of RWM to participate in the Title IV, HEA programs will terminate on January 2, 2019, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. RWM may submit both a written request for a hearing and written material indicating why the termination should not take place. If RWM chooses to request a hearing or to submit written materials, you must write to me at the address in Part I of this letter.

If RWM requests a hearing, the case will be referred to the Office of Hearings and Appeals. That office will arrange for assignment of RWM's case to an official who will conduct an independent hearing. RWM is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If RWM does not request a hearing, but submits material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 668.94.

If you have any questions or desire any additional explanation of RWM's rights with respect to these actions, please contact Kathleen Hochhalter at the address provided in this letter or by telephone at (303) 844-4520.

Sincerely,

(b)(6)

Susan D. Crim, Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. William V. Larkin, Executive Director, ACCET, via email at
wvlarkin@accet.org
Dr. Michael Marion Jr, Chief, California Bureau for Private Postsecondary
Education
Department of Defense, via [osd.pentagon.ousd-p-r.mbx.vol-edu-
compliance@mail.mil](mailto:osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil)
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov

Enclosure A

Student #	Last Name	First Name
1	(b)(6)	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
130		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		

Enclosure A

Student #	Last Name	First Name
42	(b)(6)	
43		
44		
45		
46		
47		
48		
49		
50		
131		
51		
52		
53		
54		
55		
56		
57		
58		
59		
60		
132		
61		
62		
63		
64		
65		
66		
67		
68		
69		
70		
71		
72		
73		
74		
75		
76		
77		
78		
79		
80		
81		

Enclosure A

Student #	Last Name	First Name
82	(b)(6)	
83		
84		
85		
86		
87		
88		
89		
90		
91		
92		
93		
94		
95		
96		
97		
98		
99		
100		
101		
102		
103		
104		
105		
106		
107		
108		
109		
110		
111		
112		
113		
114		
115		
116		
117		
118		
119		
120		
121		
122		
123		

Enclosure A

Student #	Last Name	First Name
124	(b)(6)	
125		
126		
127		
128		



AUG - 7 2014

Mr. James W. Dunson
President
Southeastern Beauty Schools
3535 Macon Road
Columbus, GA 31907-2529

Sent Overnight Via UPS
#1ZA879640193661061
OPE-ID: 03081500

Dear Mr. Dunson:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Southeastern Beauty Schools (SBS). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a July 24, 2014 notice from the National Accrediting Commission of Career Arts & Sciences (NACCAS) reporting the relinquishment of SBS's accredited status, effective July 24, 2014. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When SBS relinquished its accreditation on July 24, 2014, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by SBS would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from SBS and its students and withdraws the authority of SBS to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, SBS is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. SBS is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, SBS may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between SBS and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from SBS to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Program Compliance
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If you make a timely request for a hearing, we will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official who will conduct a hearing. SBS is entitled to be represented by counsel at the hearing and otherwise during the termination proceeding. If you submit written material in opposition to this action, I will consider that material and notify you of my decision.

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. SBS is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of SBS to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

Mr. James W. Dunson
Southeastern Beauty Schools
Page 3

This termination action is based on the same grounds that are stated in Part I of this notice. SBS relinquished its NACCAS accreditation on July 24, 2014. As of that date, SBS no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of SBS's eligibility to participate in the Title IV, HEA programs will become final on August 27, 2014, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. SBS may submit both a written request for a hearing and written material indicating why the termination should not take place. If SBS chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If SBS requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. SBS is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If SBS does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by August 27, 2014, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after July 24, 2014. See 34 C.F.R. § 600.41(c)(2)(ii). The Atlanta School Participation Division will then contact you concerning the proper procedures for closing out SBS's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of SBS's rights with respect to the emergency action or the termination action, please contact Don Tanguilig at (202) 377-3796, or by e-mail at don.tanguilig@ed.gov.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

cc: Ms. Melissa Howell, Financial Aid Director
Mr. Anthony Mirando, Executive Director, NACCAS
Georgia Board of Cosmetology



JUL 10 2012

Mr. Michael Rolfe
President
State Beauty Academy
663 Oriole Boulevard
Duncanville, TX 75116-3501

Sent Overnight Via UPS
#1ZA5467Y0190477838
OPE-ID: 03551400

Dear Mr. Rolfe:

This is to inform you that the U.S. Department of Education (Department) intends to terminate the eligibility of State Beauty Academy (SBA), Duncanville, TX, to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1070 *et seq.* (Title IV, HEA programs). As a result, SBA will no longer qualify as an eligible institution under the HEA and will no longer be eligible to participate in the Title IV, HEA programs.

The Department intends to terminate SBA's eligibility to participate in the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan). The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program, and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

The Department is taking this action pursuant to Section 487(c)(1)(F) of the HEA, 20 U.S.C. § 1094(c)(1)(F) and 34 C.F.R. § 668.86. Section 668.86 of the federal student aid regulations sets forth the procedures that the Secretary of Education (Secretary) has established for initiating the termination of eligibility of an institution to participate in the Title IV, HEA programs.

To continue to participate in any Title IV, HEA programs, an institution must demonstrate to the Department that it meets the standards for participation set forth at 34 C.F.R. Part 668, Subpart B, the standards of financial responsibility set forth at 34 C.F.R.

Administrative Actions and Appeals Service Group
830 First Street, NE | Union Center Plaza III | Washington, DC 20002-8019

www.federalstudentaid.ed.gov
1-800-4-FED-AID

FEDERAL STUDENT AID  START HERE. GO FURTHER.

Part 668, Subpart L, and the fiduciary standard of conduct. 34 C.F.R. §§ 668.13(a), 668.82(a). The Department has determined that SBA has failed to meet these standards based on its failure to provide the surety required by the Department.

Specifically, this action is based on SBA's failure to meet the Department's standards of financial responsibility for participation in the Title IV, HEA programs. To satisfy the standards of financial responsibility, a for-profit institution like SBA must, among other things, demonstrate that its Equity, Primary Reserve and Net Income Ratios yield a composite score of at least 1.5 out of a possible 3.0. 34 C.F.R. § 668.171(b)(1). The Dallas School Participation Division (SPD) completed a review of SBA's audited financial statements for the fiscal year ended (FYE) December 31, 2010 that were provided to the Department on August 2, 2011, although due June 30, 2011. The review disclosed that SBA's Equity, Primary Reserve, and Net Income ratios yielded a composite score of -0.1 out of a possible 3.0. By achieving a score of less than 1.5, SBA is not financially responsible under the standards set forth in 34 C.F.R. § 668.171.

Due to its failing composite score for FYE December 31, 2010, the Department determined that SBA was not financially responsible under the standards set forth in 34 C.F.R. § 668.171. Therefore, in a letter dated October 31, 2011, the SPD notified SBA of its failing composite score, and offered the institution an option to continue its participation in the Title IV, HEA programs by providing the Department with an irrevocable letter of credit (LOC), in a form acceptable and payable to the Secretary. The LOC was required under the alternative financial responsibility standards set out in 34 C.F.R. § 668.175.

The October 31, 2011 letter from the SPD provided SBA with two options – SBA could either meet an alternative financial responsibility standard by submitting an irrevocable LOC in the amount of \$290,112, which represented 50% of the Title IV funds it received during its most recently completed fiscal year, or SBA could participate under provisional certification by submitting a smaller irrevocable LOC in the amount of \$58,022, which represented 10% of the Title IV, HEA program funds SBA received during its most recently completed fiscal year. Under the second option, the Department would provisionally certify SBA for a period not to exceed three years and make disbursements under the cash monitoring method of payment system described in 34 C.F.R. § 668.162. The LOC provided under either option was due within 75 calendar days of the date of the letter (by January 14, 2012). SBA was required to respond within 14 days of receipt of the letter if it agreed to participate under one of those options.

SBA responded timely to the SPD's LOC request letter and opted to post the 10% LOC for \$58,022 that was due on or before January 14, 2012. As a result of opting for the 10% LOC, SBA was moved from the cash monitoring 1 payment method to the more restrictive cash monitoring 2 payment method, effective May 7, 2012.

SBA failed to submit the required LOC by January 12, 2012. Although the Department has been in frequent contact with SBA on the status of the LOC and has granted two extensions for SBA to provide the LOC by February 15, 2012 and then by April 24,

2012, SBA has failed to submit the required LOC. SBA has failed to meet three deadlines that were provided to allow it to meet an alternative financial standard and therefore, no further extensions will be granted. Consequently, SBA has failed to meet the standards of financial responsibility and therefore, the Department is taking this action to terminate SBA's eligibility to participate in the federal student assistance programs.

The eligibility of SBA to participate in the Title IV, HEA programs will terminate on July 30, 2012, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. If SBA requests a hearing or submits written material, it may make such a request to me via overnight mail at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Program Compliance
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If you make a timely request for a hearing, we will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official who will conduct a hearing. SBA is entitled to be represented by counsel at the hearing and otherwise during the termination proceedings. If you submit written material in opposition to this action, I will consider that material and notify you of my decision.

If you neither request a hearing nor submit written material by July 30, 2012, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions after the effective date of termination of eligibility. The SPD will then contact you concerning proper procedures for closing out SBA's Title IV, HEA program accounts. The consequences of termination are set forth in 34 C.F.R. § 668.94.

Please contact Bonnie Gibbons of this office at (202) 377-4284 if you have any questions regarding the content of this letter.

Sincerely,

(b)(6)

Mary E. Gust
Director

Administrative Actions and Appeals Service Group

cc: Tony Mirando, Executive Director, NACCAS
Mr. William Kuntz, Jr., TX Department of Licensing & Regulation



APR 18 2013

Mr. Wilfredo Perez
CEO
Tonsorial Academy of Cosmetology
and Barber Styling
217-219 Boston Post Road
West Haven, CT 06516-0000

Sent via UPS
Tracking #1ZA5467Y0194235752

OPE-ID: 04162900

Dear Mr. Perez:

I

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Tonsorial Academy of Cosmetology and Barber Styling (TACBS). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an April 10, 2013 notice from the National Accrediting Commission of Career Arts & Sciences (NACCAS) reporting the relinquishment of accreditation of TACBS' accredited status, effective April 9, 2013. (Enclosure 1.) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. Therefore, when TACBS lost its accreditation from NACCAS on April 9, 2013, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. 34 C.F.R. § 600.11(c). Any further participation in the Title IV, HEA programs by TACBS would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from TACBS and its students and withdraws the authority of TACBS to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

While the emergency action is in effect, TACBS is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. TACBS is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, TACBS may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between TACBS and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from TACBS to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. TACBS is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II

This is also to inform you that the Department intends to terminate the eligibility of TACBS to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. TACBS lost its NACCAS accreditation on April 9, 2013. As of that date, TACBS no longer met

the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of TACBS' eligibility to participate in the Title IV, HEA programs will become final on May 6, 2013, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. TACBS may submit both a written request for a hearing and written material indicating why the termination should not take place. If TACBS chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If TACBS requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. TACBS is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If TACBS does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by May 6, 2013, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after April 9, 2013. See 34 C.F.R. § 600.41(c)(2)(ii). The New York/Boston School Participation Division will then contact you concerning the proper procedures for closing out TACBS' Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of TACBS' rights with respect to the emergency action or the termination action, please contact Don Tanguilig at (202) 377-3796, or by e-mail at don.tanguilig@ed.gov. Mr. Tanguilig's facsimile transmission number is (202) 275-5864.

Sincerely,
(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Mr. Tony Mirando, Executive Director, NACCAS via amirando@naccas.org
Dr. Jewel Mullen, Commissioner, CT Department of Public Health via
dph.commissioner@ct.gov



OCT 22 2015

Mr. Kenneth E. Storey
President
Trend Setters School of Cosmetology
835 South Kings Highway
Cape Girardeau, MO 63702-7607

Sent via UPS
Tracking #1ZA879640197941626

OPE-ID: 04133300

Dear Mr. Storey:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Trend Setters School of Cosmetology (Trend Setters). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on a October 16, 2015 notice from the National Accrediting Commission of Career Arts and Sciences (NACCAS) reporting the final withdrawal of Trend Setters' accredited status, effective October 16, 2015. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When Trend Setters lost its accreditation on October 16, 2015, it became ineligible to participate in the Title IV programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by Trend Setters would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from Trend Setters and its students and withdraws the authority of Trend Setters to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, Trend Setters is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. Trend Setters is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, Trend Setters may not release to students Direct Loan program proceeds and must return any loan proceeds to

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

the lender. Finally, unless other arrangements are agreed to between Trend Setters and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from Trend Setters to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. Trend Setters is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of Trend Setters to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. Trend Setters lost its NACCAS accreditation on October 16, 2015. As of that date, Trend Setters no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of Trend Setters' eligibility to participate in the Title IV, HEA programs will become final on November 11, 2015, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. Trend Setters may submit both a written request for a hearing and written material indicating why the termination should not take place. If Trend Setters chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If Trend Setters requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. Trend Setters is entitled to be represented by counsel at the hearing and otherwise during the

proceedings. If Trend Setters does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by November 11, 2015, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after October 16, 2015. See 34 C.F.R. § 600.41(c)(2)(ii). The Kansas City School Participation Division will then contact you concerning the proper procedures for closing out Trend Setters' Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of Trend Setters' rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Tony Mirando, Executive Director, NACCAS
Ms. Emily Carroll, Executive Director, Missouri State Board of Cosmetology
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



NOV - 1 2016

Mr. Hengel Richardson
Chief Executive Officer
Wards Corner Beauty Academy
7525 Tidewater Drive, Suite 200
Norfolk, VA 23505-3700

Sent via UPS
Tracking #1ZA879640198412553

OPE-ID: 02108800

Dear Mr. Richardson:

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Wards Corner Beauty Academy (WCBA). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. § 600.41(a)(3) and § 668.83.

This emergency action is based on an October 13, 2016 notice from the National Accrediting Commission of Career Arts and Sciences (NACCAS) reporting the final withdrawal of WCBA's accredited status, effective October 13, 2016. (Enclosure) Accreditation by a nationally recognized accrediting agency, such as NACCAS, is one of the statutory requirements that an institution must meet to be eligible to participate in the programs authorized under Title IV of the HEA. See 20 U.S.C. §§ 1001, 1002, and 1094. When WCBA lost its accreditation on October 13, 2016, it became ineligible to participate in the Title IV, HEA programs since it no longer met the definition of an institution of higher education. Any further participation in the Title IV, HEA programs by WCBA would constitute a violation of statutory requirements and a misuse of federal funds. Consequently, the likelihood of loss to the Department and the Title IV, HEA programs outweighs the importance of awaiting completion of the procedures for termination of eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from WCBA and its students and withdraws the authority of WCBA to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Iraq and Afghanistan Service Grants, Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, and the Federal Direct PLUS. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, WCBA is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program or the TEACH Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. WCBA is

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, WCBA may not release to students Direct Loan program proceeds and must return any loan proceeds to the lender. Finally, unless other arrangements are agreed to between WCBA and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from WCBA to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. WCBA is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of WCBA to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F), and the Department's regulations at 34 C.F.R. § 600.41(a)(1) and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. WCBA lost its NACCAS accreditation on October 13, 2016. As of that date, WCBA no longer met the definition of an institution of higher education, and, therefore, it no longer qualified to participate in the Title IV, HEA programs. 20 U.S.C. §§ 1001, 1002, and 1094.

Termination of WCBA's eligibility to participate in the Title IV, HEA programs will become final on November 20, 2016, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. WCBA may submit both a written request for a hearing and written material indicating why the termination should not take place. If WCBA chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If WCBA requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. WCBA is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If WCBA does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by November 20, 2016, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after October 13, 2016. See 34 C.F.R. § 600.41(c)(2)(ii). The Philadelphia School Participation Division will then contact you concerning the proper procedures for closing out WCBA's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of WCBA's rights with respect to the emergency action or the termination action, please contact John Rochelle at (202) 377-4558, or by e-mail at john.rochelle@ed.gov. Mr. Rochelle's facsimile transmission number is 202/275-5864.

Sincerely,

(b)(6)

Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Enclosure

cc: Dr. Anthony Mirando, Executive Director, NACCAS, via amirando@naccas.org
Mr. Demetrios Melis, Executive Director, Virginia Board for Barbers and
Cosmetology, via barbercosmo@dpor.virginia.gov
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov



DEC 31 2013

Mr. Michael Kennard
President
Yakima Beauty School
401 North First Street
Yakima, WA 98901-2202

Sent via UPS
Tracking # 1ZA879640193880208

OPE-ID: 03953300

Dear Mr. Kennard:

I.

This is to notify you that the U.S. Department of Education (Department) is hereby imposing an emergency action against Yakima Beauty School (YBS). The Department is taking this action under the authority of § 487(c)(1)(G) of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1094(c)(1)(G), and the Department's regulations at 34 C.F.R. §§ 600.41(a)(3) and 668.83.

This emergency action is based on your December 6, 2013 filing for Chapter 11 bankruptcy protection in the Eastern District of Washington (Docket Number 13-04794-FLK11). You are the sole owner of Yakima Beauty School, Inc., which is the sole owner of YBS. Section 102(a)(4)(A) of the HEA specifically provides that an institution is not an eligible institution for purposes of participating in the student financial assistance programs authorized by Title IV of the HEA if an affiliate of the institution that has the power by ownership interest to direct or cause the direction of the management or policies of the institution has filed for bankruptcy. See 20 U.S.C. § 1002(a)(4)(A); see also 34 C.F.R. § 600.7(a)(2)(A). As the sole shareholder you are in a relationship of control with YBS, and are therefore such an affiliate of the institution.

Since you filed for bankruptcy on December 6, 2013, YBS no longer meets the definition of an institution of higher education, and, therefore, under § 487(a), YBS is no longer eligible to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a). Therefore, any further participation in the Title IV, HEA programs by YBS would constitute a violation of statutory provisions of Title IV of the HEA and a misuse of federal funds, and the likelihood of loss outweighs the importance of awaiting completion of the procedures for termination of its Title IV eligibility in 34 C.F.R. Part 668, Subpart G.

By this emergency action, the Department withholds funds from YBS and its students and withdraws the authority of YBS to obligate and disburse funds under any of the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and the William D. Ford Federal Direct Loan (Direct Loan) programs. The Direct Loan Program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan Program, the

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Administrative Actions and Appeals Service Group
330 First St., N.E. Washington, D.C. 20002-8019
StudentAid.gov

Federal Direct PLUS Program and the Federal Direct Consolidation Loan Program. The FSEOG, FWS, and Perkins Loan programs are known as the campus-based programs.

While the emergency action is in effect, YBS is barred from initiating commitments of Title IV, HEA program funds to students by accepting Student Aid Reports under the Pell Grant Program, by certifying applications for loans under the Direct Loan Program, or by issuing a commitment for aid under the campus-based programs. YBS is also barred from using its own funds or federal funds on hand to make Title IV, HEA program grants, loans, or work assistance payments to students, and from crediting student accounts with respect to such assistance. Further, YBS may not release to students Direct Loan program proceeds and must return any loan proceeds to the Department. Finally, unless other arrangements are agreed to between YBS and the Department, the school may not disburse or obligate any additional Title IV, HEA program funds to satisfy commitments in accordance with 34 C.F.R. § 668.26 for as long as the emergency action is in effect.

This emergency action is effective on the date of this letter, which is the date of mailing, and it will remain in effect until either a decision to remove the emergency action is issued in response to a request from YBS to show cause why the emergency action is unwarranted or until the completion of the termination action that is initiated in Part II of this notice. The terms of the termination action may supersede the provisions of this emergency action regarding the obligation and disbursement of Title IV, HEA funds.

You may request an opportunity to show cause why this emergency action is unwarranted. To request an opportunity to show cause, please write and submit your request to me, via overnight mail, at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE- UCP-3, Room 84F2
Washington, DC 20002-8019

Your request should state the dates on which you are available for the show-cause meeting or teleconference. If you request a show-cause hearing, my office will refer the case to the Office of Hearings and Appeals, which is a separate entity within the Department. That office will arrange for assignment of the case to an official, who will conduct the hearing. YBS is entitled to be represented by counsel at the hearing and otherwise during the show-cause hearing.

II.

This is also to inform you that the Department intends to terminate the eligibility of YBS to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* The Department is taking this action under the authority of 20 U.S.C. § 1094(c)(1)(F) and the Department's regulations at 34 C.F.R. § 600.41(a)(1), and Part 668, Subpart G. Those regulations set forth the procedures and guidelines that the Department has established for terminating the eligibility of an institution to participate in any Title IV, HEA programs.

This termination action is based on the same grounds that are stated in Part I of this notice. That is, we are taking this termination action because you filed for bankruptcy on December 6, 2013. As of that date, YBS no longer met the definition of an institution of higher education. and, therefore,

under § 487(a)(1) of the HEA, no longer qualified to participate in the Title IV, HEA programs. See 20 U.S.C. § 1094(a).

Termination of YBS's eligibility to participate in the Title IV, HEA programs will become final on January 21, 2014, unless we receive by that date a request for a hearing or written material indicating why the termination should not take place. YBS may submit both a written request for a hearing and written material indicating why the termination should not take place. If YBS chooses to request a hearing or to submit written materials, you must write to me, via overnight mail, at the address in Part I of this notice.

If YBS requests a hearing, my office will refer the case to the Office of Hearings and Appeals. That office will arrange for assignment of the case to an official, who will conduct an independent hearing. YBS is entitled to be represented by counsel at the hearing and otherwise during the proceedings. If YBS does not request a hearing, but submits written material instead, I shall consider that material and notify you whether the termination will become effective, will be dismissed, or limitations will be imposed. The consequences of termination are set forth in 34 C.F.R. § 600.41(d) and § 668.94.

If you neither request a hearing nor submit written material by **January 21, 2014**, this proposed termination will become the final decision of the Department and will be effective with respect to Title IV, HEA program transactions on or after the date of loss of eligibility. See 34 C.F.R. § 600.41(c)(2)(ii). The San Francisco/Seattle School Participation Division will then contact you concerning the proper procedures for closing out YBS's Title IV, HEA program accounts.

If you have any questions or desire any additional explanation of YBS's rights with respect to the emergency action or the termination action, please contact Kerry O'Brien at 303/844-3319, or by e-mail at Kerry.O'Brien@ed.gov.

Sincerely,

(b)(6)

Mary E. Gust
Director
Administrative Actions and Appeals Service Group

cc: Tony Mirando, Executive Director, NACCAS, via amirando@naccas.org
Ben Rogers, Cosmetology Program Manager, Washington State Department of Licensing, via berogers@dol.wa.gov