



May 1, 2013

Mr. David J. Knobel
President
Anthem College
3383 North State Road 7
Lauderdale Lakes, FL 33319

Certified Mail
Return Receipt Requested
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RE: Expedited Final Program Review Determination Letter
OPE ID: 02263100
PRCN: 201330928243

Dear Mr. Knobel:

From April 15, 2013 through April 19, 2013, Donna Wittman and Lana Walter conducted a review of Anthem College Online's (Anthem's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The purpose of this Final Program Review Determination Letter is to close the program review.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 award years. The names and social security numbers of the students whose files were examined during the program review are set forth on Appendix A to this Final Program Review Determination Letter.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Appendix A was encrypted and sent separately to the institution via e-mail.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Anthem's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Anthem of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

The San Francisco/Seattle School Participation Division has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION
50 Beale Street, Suite 9800, San Francisco 94105-1863

Program Review Findings and Final Program Review Determinations:

Finding 1: FSEOG Written Policy Improperly Limits Eligibility to First Year Students

Citation: In selecting among eligible students for Federal Supplemental Educational Opportunity Grants (FSEOG), an institution must select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year.

34 C.F.R. §§ 676.10(a)(1). An institution's selection procedure must make FSEOG reasonably available to all students over the award year, including part-time students and independent students if such students were included in the institution's allocation of FSEOG funds. DCL CB-91-8 (May 1991).

Noncompliance: Anthem's written internal awarding policy for FSEOG, found in its Financial Aid Manual, provides:

FSEOG is only awarded (to students who are starting their first academic year of their program of study, regardless of grade level) between 7/1/2012 to 06/30/2013. All first academic year students with an EFC range of 0 to 2500 should be awarded FSEOG (allocation permitting).

Anthem's financial aid officials stated that Anthem does, in fact, award FSEOG to students who are not in the first academic year of a program. Corrective action has been taken to remove the written FSEOG policy that limits FSEOG awards to first academic year students.

Institutional Action Taken to Resolve Noncompliance: Anthem removed the exclusion of non-first year students from its written FSEOG awarding policy. This practice changed when the current owners assumed control of Anthem in April 2012.

Final Program Review Determination: Anthem has taken the corrective actions necessary to resolve this finding. Therefore, Anthem may consider this finding closed, with no further action required.

Finding 2: Improper Dependency Override Procedure

Citation: Section 480(d) of the Higher Education Act (HEA) identifies eight criteria under which an individual may be considered independent for the purpose of receiving Title IV funds. If a student meets one of the eight criteria, the student is not required to report financial and demographic information for his or her parents. Section 480(d)(7) provides that a student is considered to be an independent student if he or she:

... is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

Such a determination by a financial aid administrator is a "dependency override."

While Section 480(d)(7) provides the financial aid administrator with great latitude in determining what constitutes unusual circumstances, the Department has interpreted the phrase "other unusual circumstances" in section 480(d)(7) to mean unusual circumstances that make it inappropriate to expect a parental contribution for the student. DCL Gen 03-07 (May 2003).

Dependency overrides may be made only for students with unusual circumstances on a case-by-case basis. The unusual circumstances must be documented. The Department has identified four conditions that, individually or in combination with one another, do not qualify as "unusual circumstances" or that do not merit a dependency override. Those circumstances are:

1. Parents refusing to contribute to the student's education;
2. Parents unwilling to provide information on the application or for verification;
3. Parents not claiming the students as a dependent for income tax purposes;
4. Student demonstrating total self-sufficiency.

DCL Gen 03-07 (May 2003).

Noncompliance: In April 2012, a change of control of Anthem took place, whereby FCC Holdings, Inc. became the controlling owner of Anthem. Among the procedures in effect under the prior owner, was the practice of granting dependency overrides on the basis of a form entitled "Student without Parent Support Petition" which states:

If your parent(s) has ended financial support and refuses to provide financial and household information for your FAFSA, you may file this petition requesting that the Financial Aid Director award you Unsubsidized Stafford Loan(s).

The form only asks the student to answer questions regarding the parents' lack of financial support. Use of the form as documentation of unusual circumstances to justify a dependency override is insufficient.

Anthem's financial aid officials stated that Anthem took corrective action to eliminate use of the form and any practice of providing dependency overrides on the basis of parental refusal to provide financial support.

Institutional Action Taken to Resolve Noncompliance: Anthem took the appropriate corrective action prior to the program review site visit.

Final Program Review Determination: Anthem has taken the corrective actions necessary to resolve this finding. Therefore, Anthem may consider this finding closed, with no further action required.

Finding 3: Credit Balance Deficiency

Citation: Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA 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 as soon as possible but (1) no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or (2) no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164(e). If an institution obtains written authorization from a student or parent, the institution may pay prior year charges of up to \$200 or hold Title IV funds on behalf of the student or parent. 34 C.F.R. § 668.165(b).

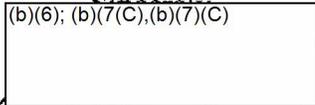
Noncompliance: Student #3 withdrew in March 2012 with a credit balance of \$1,485 owed to the student. Anthem paid the credit balance to the student's Direct Loan accounts. There was no authorization by the student for payment of the credit balance to the lender. Anthem concurred with this finding, noting that the current Anthem policy is to automatically send any credit balance to the student when he withdraws. The reviewers requested that Anthem to set forth this policy in writing and provide a copy of the same.

Resolution and Final Determination: After the site visit, Anthem provided the written credit balance policy providing for the payment of credit balances directly to students and parents, as appropriate. Anthem may consider this finding closed, with no further action required.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call Donna Wittman at (415) 486-5618.

 (b)(6); (b)(7)(C), (b)(7)(C)

Marina Fernandez-Rosario
Division Director
San Francisco/Seattle School Participation Division

cc: Siana Stewart, Vice President of Financial Services, sstewart@anthem.edu
Sandra May, Vice President, Title IV Compliance, samay@anthem.edu
Accrediting Council for Independent Colleges and Schools
Arizona State Board for Private Post Secondary Education

Appendix A: Students Referenced in Program Review Report

PR #	Last Name	First Name	SSN	School ID
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