



FEB 6 2015

Ben Lokos
6 Blue Sky Court
Huntington, NY 11743

Certified Mail
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RE: **Final Program Review Determination**
Caliber Training Institute
OPE ID: 031724
PRCN: 200540224524

Dear Mr. Lokos:

The U.S. Department of Education's (Department's) School Participation Team – New York/Boston issued a program review report on June 29, 2012 covering **Caliber Training Institute's** (CTI) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2004/05 and 2005/06 award years. Attached is a copy of the program review report and related attachments. CTI failed to respond to the program review report. The Department has made final determinations based on information obtained during the program review. This Final Program Review Determination (FPRD) and related attachments may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal and (4) close the review.

The total liabilities due from the institution from this program review are \$1,680,220.

This final program review determination contains detailed information about the liability determination for all findings.

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. To protect PII, the findings in the attached report do not contain any student PII. Instead, **each** finding references

students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A to that report. In addition, Appendix A to this Final Program Review Determination also contains PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the June 29, 2012 program review report. If CTI wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date CTI receives this FPRD. An original and four copies of the information CTI submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

CTI's appeal request must:

- (1) indicate the findings, issues and facts being disputed;
- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to CTI's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

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)(1), (e)(2), and (e)(3).

If the institution has any questions regarding this letter, please contact Christopher Curry at 646-428-3738. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Betty Coughlin
Division Director

Enclosure:
Protection of Personally Identifiable Information
Program Review Report (and appendices)

cc: NY State Education Department/Bureau of Proprietary School Supervision
Accrediting Commission of Career Schools and Colleges
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

bcc: Reading file, Correspondence file, Chris Curry, Ron Bennett, Cynthia Logan,
Bob James, Sharepoint Site for FOIA, OCFO Accounts Receivable,
Lauren Pope, Dan Tanguilig, Denise Morelli, Robin Minor,
FSA PC SEC (ICD-DL-TECH-FFEL Liabilities), Sherrie Bell, FRM

Prepared for

Caliber Training Institute

Federal Student Aid
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OPE ID 03172400

PRCN 200540224524

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Division – New York/Boston

Final Program Review Determination

FEB 6 2015

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A. Institutional Information

Caliber Training Institute
500 7th Avenue, 2nd Floor
New York, NY 10018

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment: **School closed 3/28/08**

Title IV Participation CMONET:

2007-2008

Federal Pell Grant	\$1,555,523
Federal Family Education Loan Program (FFEL)	\$2,663,197
William D. Ford Federal Direct Loan Program (Direct Loan)	\$ 104,708

Default Rate FFEL/DL:	2011 23.7%
	2010 20.8%
	2009 20.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Caliber Training Institute (CTI) from August 10, 2005 to August 19, 2005. The review was conducted by Barbara Wingel, Teresa Martinez, Jane Eldred, and Christopher Curry.

The focus of the review was to determine CTI's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs, and to verify the institution's procedures for determining if students who did not possess a high school diploma or the equivalent possessed an ability to benefit from the programs offered at CTI. The review consisted of, but was not limited to, an examination of CTI's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 159 files was identified for review from the 2003/04, 2004/05 and 2005/06 award. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, a number of files were selected from the list of students who were admitted to CTI who had also taken the Ability to Benefit (ATB) test. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning CTI'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 CTI of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

Findings 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11.

Although these findings in the program review report identified serious concerns, this office has made a decision to close the review based on the length of time that has passed since the examination of those records, the institution's subsequent closure on March 28, 2008, and the issuance of the Program Review Report on June 29, 2012.

Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is the Department's final determination for the finding. A copy of the program review report issued on June 29, 2012, is also attached.

Finding 12: Closed School Loan Discharges

Student loan borrowers, or students whose parent borrowed a PLUS loan who were enrolled at a school at the time of the school's closure, or who withdrew from the school within 90 days preceding the school's closure, and who were unable to complete their program because of the closure, may apply for a closed school discharge of their Federal student loan. A Borrower may apply for a loan discharge through the holder of the loan. If the discharge is granted, any amounts already repaid will be refunded. Students who complete their educational programs through a teach-out, or use the credits gained at the closed school to complete an educational program at another school, are not eligible for a closed school discharge. 34 C.F.R. §§ 682.402(d),685.214.

If the borrower's loan is discharged, the borrower is relieved of responsibility to repay the loans and automatically assigns to the Department his or her rights under applicable law with respect to the loans or the enrollment agreements against the school, its principals, affiliates and their successors, its sureties, and any private fund, including the portion of a public fund that represents funds received from a private party, up to the amount discharged. These provisions provide the Department with the authority to recover liabilities from the school for the loan amounts discharged. 34 C.F.R. §§ 682.402(d)(5),685.214(e).

CTI ceased offering instruction to students as of March 28, 2008. Based on the precipitous nature of the closure, and deficiencies identified in the school's administration of its academic programs, as well as the Title IV programs, New York State Department of Education was unable to arrange for teach-outs for most of the students who were still enrolled at the time of closure. As a result, 427 loans were accepted for discharge for students from CTI, totaling \$1,680,220. CTI is responsible for the repayment of those discharges.

A detailed accounting of the liability by student is included as Appendix A. The total amount of funds discharged is identified in the "Tot Dis" column.

Instructions for repayment of this liability are provided in the Payment Instructions section of the letter (Section E).

D. Liability Summary

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Established Liabilities	
Liabilities	DL / FFEL
Finding 12	\$1,680,220
TOTAL	\$1,680,220
Payable To:	Totals
Department	\$1,680,220
	\$1,680,220

E. Payment Instructions

1. Liabilities Owed to the Department

Liabilities Owed to the Department \$100,000 or More

CTI owes to the Department \$1,680,220. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. CTI must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If CTI's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. CTI is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to CTI's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, CTI has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due CTI from the Federal Government. **CTI may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, CTI must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.