



May 6, 2013

Mr. Paul T. Siemann
President
DPT Business School
4910 SW 101st Avenue
Cooper City, FL 33328

Sent Via E-Mail and UPS
Tracking Number:
1Z A54 67Y 01 9231 0530

RE: OPE ID: 03031600
DUNS: 623057197
PRCN: 201330328235

Dear Mr. Siemann:

This letter is to advise DPT Business School (DPT) of the U.S. Department of Education's (Department's) final determination involving the disposition of funds for a final claim for payment provided with DPT's close-out audit received on January 24, 2012. DPT was an institution that until its precipitous closure on January 9, 2012 participated in 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).

Every institution that executes a Program Participation Agreement with the Department agrees that it will comply with all statutory provisions of or applicable to Title IV of the HEA and all applicable regulatory provisions prescribed under that statutory authority. 34 C.F.R. § 668.14 (b). Among the provisions applicable to institutions that close are statutory and regulatory provisions relating to the Secretary of Education's claim for restitution on discharged Title IV, HEA loans.

34 C.F.R. § 685.214 (a)(1) states that the Secretary discharges student loan borrower's (and any endorser's) obligation to repay a Federal Direct Loan in accordance with the provisions of this regulation if the borrower (or the student on whose behalf a parent borrowed) did not complete the program of study for which the loan was made because the institution at which the borrower (or student) was enrolled closed.

Further, § 437 (c)(1) of the HEA states that:

“if a borrower who received, on or after January 1, 1986, a loan made, insured, or guaranteed under this part and the student borrower, or the student on whose behalf a parent borrowed, is unable to complete the program in which such student is enrolled due to the closure of the institution..., then the Secretary shall discharge the borrower's


AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION
Philadelphia School Participation Division
The Wanamaker Building, 100 Penn Square East, Suite 511
Philadelphia, PA 19107
StudentAid.gov

liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals... .”

In the Department’s July 19, 2012 final audit determination letter concerning the close-out audit report of the institution’s administration of the Title IV, HEA programs, DPT was informed that \$429,532.19 would be held until January 2013 to pay the then unknown number of student closed school loans discharged. The time frame was subsequently extended as additional closed school loan discharge approvals continued to be added to the National Student Loan Data System (NSLDS). The audit report covered the period from January 1, 2011 through December 31, 2011.

DPT was also informed that the issuance of the July 19, 2012 letter in no way waived the Department’s rights to repayment of liabilities either existing at the time but unknown to the Department, or accruing in the future.

Below in italics is an excerpt from the July 19, 2012 letter regarding the Department’s final determinations for Findings 11-2, *Loss of Participation Agreement, HCM Outstanding Request - Net of R2T4* and 11-3, *Cash Management: Revision to HCM2 Request # 26 and # 27* in the audit report. The excerpt provides information pertaining to the Title IV program funds approved in DPT’s final claim for payment and also how \$429,532.19 was determined to be the amount that would be temporarily held.

AUDIT FINDING:

The auditor determined that “Request # 26” in DPT Business School’s final claim for Title IV program funds contained an overage of Title IV program funds for one student. “Request # 26” was a modified resubmission of the Heightened Cash Monitoring 2 (HCM2) request rejected by the Department on December 12, 2011 due to the institution’s loss of eligibility. (Questioned Costs for “Request #26:” \$3,082)

In addition, the auditor determined that “Request # 27,” which covered the time frame between the modified rejected HCM2 request through the date of DPT Business School’s loss of Title IV eligibility, contained an overage of Title IV program funds for one student. (Questioned Costs for “Request #27:” \$5,928)

FINAL AUDIT DETERMINATION:

34 C.F.R. § 668.161 (a) establishes the rules and procedures under which a participating institution requests, maintains, disburses, and otherwise manages Title IV, HEA program funds. This regulation is intended to promote sound cash management of Title IV program funds received. Further, 34 C.F.R. § 668.162 requires an institution to demonstrate to the Secretary that each student and parent included in a cash request is eligible to receive and has received the Title IV program funds for which payment is sought.

DPT Business School concurred with the findings and reported that the institution "ceased our operations with the loss of our eligibility on December 31, 2011."

According to the auditor, the final claim for Title IV program funds was adjusted downward by the Questioned Cost amounts noted above.

The Federal Direct Loan Program and Federal Pell Grant Program funds in the final claim were processed in the Common Origination and Disbursement (COD) System in March 2012.

In addition to the \$284,219.65 offset to pay the Settlement Agreement in full as referenced in Finding 11-1, Loss of Participation Agreement, the Department made several other reductions to the final claim. First, the Department reduced the final claim when two other schools contacted DPT Business School regarding 2011-2012 Title IV program funds that the Department previously approved in COD for seven students.

Second, in order to eliminate a negative balance in the institution's 2010-2011 Federal Pell Grant Program account, the Department offset \$9,791.28 from the institution's 2011-2012 Federal Pell Grant Program account.

Third, the amount available to release in 2011-2012 Federal Pell Grant Program funds was reduced due to several COD potential overaward process (POP) students. If there are any questions regarding this matter, please call the COD School Relations Hotline at 1-800-848-0978.

Finally, the Department received a Notice of Levy from the Internal Revenue Service (IRS). Accordingly to the Notice of Levy, the amount that DPT Business School owed to the IRS was \$292,139.38. The Department honored that Notice of Levy and offset that amount from the funds in DPT Business School's 2011-2012 Federal Pell Grant Program account. If there any questions about this offset, please call Ms. Dionne McLeod at the IRS at (215) 861-1409.

Based on the information provided to the Department by DPT Business School's accreditor, the Accrediting Council for Continuing Education and Training (ACCET), and the non-ESL students included in the institution's final claim for Title IV program funds, the Department will hold \$429,532.19 to cover all closed school student loan discharges filed.¹ DPT Business School's Center City location closed precipitously on November 11, 2011 and the institution's main location closed shortly after its Title IV eligibility ended on December 31, 2011.

In January 2013, the Department will tally the closed school student loan discharges filed. If the discharges total less than \$429,532.19, the remaining balance will be sent to DPT Business School by January 31, 2013, provided the Department has access to the institution's Federal bank accounts prior to that date. Please also be advised that the \$429,532.19 will be reduced if additional POP students occur in COD after the issuance of this final audit determination letter. If the discharges total more than \$429,532.19, DPT Business School will be responsible for

¹ See Title IV funding chart for award years 2010-2011 and 2011-2012.

reimbursing the Department for the difference. Please be advised that neither the Department's issuance of this letter or the payment of the liabilities assessed in any way waives the Department's rights to repayment of liabilities either existing now but unknown to the Department, or accruing in the future.

According to the auditor, the institution's Federal Bank Account at TD Bank (for Federal Direct Loan Program funds) had a balance of \$229.80 and the institution's Federal Bank Account at Well Fargo Bank (for Federal Pell Grant Program and FSEOG Program funds) had a balance of \$1,021.42, as of December 31, 2011. The auditor stated on page five of the close-out audit report that "these funds represent funds available to be returned to the USDOE." Both accounts were subsequently closed and the funds were not returned to the Department.

Therefore, the total amount available for potential closed school loan discharges from the G5 system, based on DPT Business School's final claim for Title IV program funds, was reduced to \$429,532.19.

Below is a chart of the Title IV program funds by award year and program. Please be advised that the \$324,602.19 in 2011-2012 award year funds represents the amount available to release after DPT Business School failed to return the funds that were described on page five of the audit. The funds were subtracted from the Pell and Direct Loan (CC Campus) remaining balances.

2010-2011 Award Year

Pell:	\$	0.00
FSEOG:	\$	225.00
Direct Loan (NE Campus ²):	\$	48,423.00
Direct Loan (CC Campus ³):	\$	56,282.00
Subtotal:		\$104,930.00

2011-2012 Award Year

Pell	\$143,600.34	\$142,578.92
FSEOG:	\$ 6,293.07	\$ 6,293.07
Direct Loan (NE Campus):	\$ 97,600.00	\$ 97,600.00
Direct Loan (CC Campus):	\$ 78,360.00	\$ 78,130.20
Subtotal:	\$325,853.41	\$324,602.19

TOTAL **\$430,783.41** **\$429,532.19**

According to NSLDS, as of May 6, 2013, 18 students were granted a closed school loan discharge, at a cost to the Federal government of \$88,277. Please see Enclosure 1 for the list of the 18 students. The \$88,277 has been subtracted from the \$142,578.92 in 2011-2012 Federal

² NE Campus was DPT's main location.

³ CC Campus was DPT's Center City Philadelphia location.

Pell Grant Program funds, leaving a balance in the account of \$54,301.92. The Department has determined that an additional \$11,723 will be held until October 31, 2013 to pay for potential discharges not recorded in NSLDS as of May 6, 2013. This leaves a balance in the account of \$42,578.92.

Therefore, the total amount held to cover the current and potential closed school loan discharges through October 31, 2013 is \$100,000.

Please be advised that if there are additional discharges granted and the total is more than \$11,723, DPT will be responsible for reimbursing the Department for the difference. If the total is less than \$11,723, that amount or a lesser amount will be provided to the institution by October 31, 2013 (provided the Department has access to the institution's Federal bank accounts through that date). The terms of payment and payment instructions for any determined liability will be provided in future correspondence, if applicable.

Second, the Department's Internal Controls Division (ICD) reported that DPT had a balance due of \$11,999 in the institution's 2009-2010 Federal Direct Loan Program account for the CC Campus. Therefore, \$11,999 was offset from the 2011-2012 Federal Pell Grant Program account and the available balance was reduced to \$30,579.92 (\$42,578.92 - \$11,999 = \$30,579.92).

Third, the 2011-2012 Federal Pell Grant Program available balance in G5 was reduced by an additional \$15,550.15, from \$30,579.92 to \$15,029.77. This reduction was due to several COD potential overaward process (POP) students, along with the approval of a batch of downward adjustment student disbursement records in COD. If there are any questions regarding COD, please call the COD School Relations Center at 1-800-848-0978.

Fourth, DPT was required to submit a Fiscal Operations Report and Application to Participate (FISAP) to the Department for the 2011-2012 award year no later than October 1, 2012. ICD reported that the FISAP was not provided. An institution that receives Campus-Based program funds for an award year must complete *The Fiscal Operations Report* portion of the FISAP. See 34 C.F.R. § 676.19. Therefore, \$6,293.07 in 2011-2012 FSEOG Program funds for the final claim for payment cannot be released to DPT Business School and the \$5,425 released in October 2011 must be returned. The \$5,425 was offset from the institution's 2011-2012 Federal Pell Grant Program account (\$15,029.77 - \$5,425 = \$9,604.77).

Fifth, DPT did not assign a 2002-2003 Pell Overpayment to the Department for (b) (6), (b) (7)(C) (b) a former student at the institution. The Department contacted the Lancaster School of Cosmetology (where DPT's records are stored) and determined, based on the Title IV program funds the student received and the institutional costs assessed, that the overpayment amount for (b) (6), (b) (7)(C) is \$1,039 (from \$2,000 in 2002-2003 Federal Pell Grant Program funds disbursed). If there are any questions pertaining to (b) (6), (b) (7)(C), please speak with Mr. Kishore Ramanjulu of your staff, or Ms. Deborah Dunn, the owner of the Lancaster School of Cosmetology. The \$1,039 was also offset from the institution's 2011-2012 Federal Pell Grant Program account, leaving a remaining balance of \$8,565.77 (\$9,604.77 - \$1,039 = \$8,565.77).

In conclusion, the Department released \$289,225.97 in Title IV program funds from G5 on May 6, 2013. The chart below provides information regarding the funds released per award year and Title IV program based on the aforementioned adjustments and offsets.

2010-2011 Award Year

Pell:	\$ 0.00
FSEOG:	\$ 225.00
Direct Loan (NE Campus):	\$ 48,423.00
Direct Loan (CC Campus):	\$ 56,282.00
Subtotal:	\$104,930.00

2011-2012 Award Year

Pell	\$ 8,565.77
Direct Loan (NE Campus):	\$ 97,600.00
Direct Loan (CC Campus):	\$ 78,130.20
Subtotal:	\$184,295.97

TOTAL **\$289,225.97**

Please be advised that neither the Department's issuance of this letter or the payment of the liabilities assessed in any way waives the Department's rights to repayment of liabilities either existing now but unknown to the Department, or accruing in the future.

Sincerely,

(b)(6)

Nancy Paula Gifford
Director
School Participation Division - Philadelphia

Enclosure 1: NSLDS Closed School Loan Discharge Student List

Enclosure 1
DPT Business School
NSLDS Closed School Loan Discharge List

#	CURR SSN	CURR LST	CURR FST	MID INIT	LOAN TYPE	AMT	TOT DIS	TOT CAN	CURR LOAN STAT	CURR LOAN STAT DT	CURR GA CODE	SCH CODE	SCH BR CODE	SCH NM
1	(b)(6)				1	2917	1459	1458	CS	5/23/2012	581	30316	1	DPT BUSINESS SCHOOL
					2	5000	2500	2500	CS	5/23/2012	581	30316	1	DPT BUSINESS SCHOOL
2					1	3231	1616	1615	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	4701	2351	2350	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
3					1	3500	1750	1750	CS	10/16/2012	580	30316	1	DPT BUSINESS SCHOOL
					2	5368	2684	2684	CS	10/16/2012	580	30316	1	DPT BUSINESS SCHOOL
4					1	3500	1750	1750	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	5477	2739	2738	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
5					1	3500	3500	0	CS	5/2/2012	581	30316	1	DPT BUSINESS SCHOOL
					2	6000	3125	0	CS	5/2/2012	581	30316	1	DPT BUSINESS SCHOOL
6					1	3500	1750	1750	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	6000	3000	3000	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
7					1	3500	3500	0	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	6000	6000	0	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
8					1	3500	1929	1571	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	4800	2400	2400	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
9					1	3500	3500	0	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	5175	5175	0	CS	9/27/2012	581	30316	0	DPT BUSINESS SCHOOL
10					1	1459	1459	0	CS	4/25/2013	578	30316	1	DPT BUSINESS SCHOOL
					2	834	834	0	CS	4/25/2013	578	30316	1	DPT BUSINESS SCHOOL
					4	3455	1728	1	CS	10/26/2012	579	30316	1	DPT BUSINESS SCHOOL
11					1	3500	3500	0	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	2000	2000	0	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
12					1	1287	1287	0	CS	12/6/2012	578	30316	0	DPT BUSINESS SCHOOL
13					1	3250	1625	1625	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	5570	2785	2785	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
14					1	3354	927	2427	CS	10/29/2012	581	30316	0	DPT BUSINESS SCHOOL
15					4	8601	1969	6632	CS	7/26/2012	578	30316	0	DPT BUSINESS SCHOOL
					1	1750	1750	0	CS	1/31/2013	578	30316	0	DPT BUSINESS SCHOOL
					2	1000	1000	0	CS	1/31/2013	578	30316	0	DPT BUSINESS SCHOOL
16					1	3500	3500	0	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
					2	6000	6000	0	CS	8/7/2012	581	30316	0	DPT BUSINESS SCHOOL
17					1	3500	1997	1503	CS	10/5/2012	580	30316	1	DPT BUSINESS SCHOOL
					2	2000	1000	1000	CS	10/5/2012	580	30316	1	DPT BUSINESS SCHOOL
18					1	1750	1750	0	CS	1/31/2013	578	30316	0	DPT BUSINESS SCHOOL
					2	2438	2438	0	CS	1/31/2013	578	30316	0	DPT BUSINESS SCHOOL
						TOTAL:	\$88,277							