



September 27, 2013

Mr. Brian Mueller, President  
Grand Canyon University  
3300 West Camelback Road  
Phoenix, AZ 85017

Certified Mail  
Return Receipt Requested  
#: 7007 0710 0001 0674 9911

RE: Final Program Review Determination  
OPE ID: 00107400  
PRCN: 201040927268

Dear Mr. Mueller:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report (PRR) on August 19, 2011 covering Grand Canyon University (GCU's) 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 2008-09 and 2009-10 award years. GCU provided numerous responses to the findings of the PRR. In resolution of all of the findings of the PRR, GCU and the Department entered into a Settlement Agreement (SA) on September 27, 2013. The SA is provided as an attachment to this FPRD.

Please note that for the repayments to be made on behalf of students pursuant to the SA, GCU must direct its independent auditor to confirm that all necessary repayments were made, and that all necessary records were properly adjusted in the Department's Common Origination and Disbursement (COD) System. This attestation must be included in the next regularly scheduled Title IV, HEA program compliance audit, under the FSA Audit Guide, following completion of all repayments to student accounts as identified in the SA.

The SA does not constitute an acknowledgement, admission, or concession by any of the Parties of any liability, misrepresentation, wrongdoing, legal compliance or noncompliance, or of the validity or non-validity of any of the findings set forth in the program review report.

Please note that this Final Program Review Determination (FPRD), related attachments, and any supporting documentation 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.

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

50 Beale Street, Suite 9800, San Francisco, CA 94105-1863  
StudentAid.gov

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**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 Ms. Marcia Clark, Senior Institutional Review Specialist, at (415) 486-5602.

Sincerely,

(b)(6)

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

Enclosure:  
Settlement Agreement dated September 27, 2013

## SETTLEMENT AGREEMENT

This Settlement Agreement is made by and between Grand Canyon University (GCU), OPE ID Number 00107400, and the United States Department of Education (Department), acting through Mary E. Gust, Director, Administrative Actions and Appeals Service Group (AAASG) (collectively the parties), and is effective the latest date opposite the signatures below.

### RECITALS

**WHEREAS**, GCU is a school participating in the Federal student financial assistance programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended (Title IV, HEA programs), 20 U.S.C. §§ 1070 *et seq.*;

**WHEREAS**, the Department issued a Program Review Report (PRR) dated August 19, 2011 to GCU (Program Review Control Number: 201040927268);

**WHEREAS**, GCU provided responses to the PRR over a period of time, the last of which was on May 31, 2013;

**WHEREAS**, GCU has provided assurances to the Department that its current policies and procedures ensure full compliance with Federal regulations in its administration of the Title IV, HEA programs; and

**WHEREAS**, the parties desire to fully settle and resolve the issues in the PRR, without the need for further litigation.

**NOW, THEREFORE**, in consideration of the mutual promises and the performance of the actions described herein and other good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, the parties agree to the following provisions, intending to be legally bound there under:

### TERMS

1. GCU agrees to pay \$7,387,151 in complete and total accord and satisfaction of the findings in the PRR. The payment includes \$5,637,151 in returns to be made to student accounts via the Common Origination and Disbursement (COD) System (for repayment of Grant and/or Direct Loan funds), by check to loan servicers for students with Federal Family Education Loan (FFEL) program accounts, or directly to students, and \$1,750,000 to be paid directly to the Department by a cashier's or certified check made out to the United States Department of Education, and mailed, along with two copies of this Settlement Agreement signed by GCU's President, Mr. Brian Mueller, to the following address by September 30, 2013:

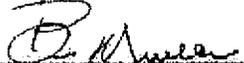
Mary E. Gust, Director  
Administrative Actions and Appeals Service Group

United States Department of Education  
Federal Student Aid/PC  
830 First Street, NE, Room 84F2  
Washington, DC 20002-8019  
Telephone Number: (202) 377-4278

2. If in the process of paying the \$5,637,151 referenced in Paragraph 1 above, GCU determines that the amount actually due for any student is different from the amount originally reported to the Department as being due for that student, then GCU will provide documentation to the San Francisco/Seattle School Participation Division (SPD) to explain the discrepancy, and the SPD will determine if an adjustment is warranted.
3. The Department will accept the commitments made and obligations incurred by GCU herein in full resolution of the findings in the PRR, covering the period through June 30, 2012, and the Department considers the program review and the PRR to be closed.
4. Upon receipt of the payment of \$1,750,000, the Department will promptly complete GCU's currently pending application to recertify GCU's participation in the Title IV programs, including the approval of the new programs and locations included in that application, and will grant GCU full certification.
5. This Settlement Agreement does not waive, compromise, restrict, or settle any future actions against GCU by the Department pursuant to 34 C.F.R. Part 668, Subparts G and H for similar violations discovered by the Department for award years not covered under this Settlement Agreement. This Settlement Agreement also does not waive, compromise, restrict, or settle any past, present, or future actions by the Department pursuant to 34 C.F.R. Part 668, Subparts G and H that are unrelated to the findings stated in the PRR.
6. This Settlement Agreement also does not waive, compromise, restrict, or settle any past, present, or future violations by GCU, its Trustees, Officers, or employees of the criminal laws of the United States, the laws governing the commission of civil fraud, or matters adjudicated pursuant to the False Claims Act, 31 U.S.C. §§ 3729-33.
7. This Settlement Agreement does not constitute an admission of wrongdoing by GCU or an admission of error by the Department.
8. The parties will each bear their own costs in connection with this action and this Settlement Agreement.
9. All signatories to this Settlement Agreement acknowledge that they have read this Settlement Agreement and have freely and voluntarily executed it after having consulted with counsel and received the advice of counsel as to its effect.

10. This Settlement Agreement constitutes the full and complete Settlement Agreement between the parties and can only be altered or amended with the express written consent of the parties hereto.
11. This Settlement Agreement supersedes any prior and contemporaneous understandings and agreements and contains the entire Settlement Agreement of the parties with respect to the subject matter herein.
12. This Settlement Agreement shall be governed by, and construed in accordance with, Federal law.

Each of the parties warrants that its undersigned representative is fully authorized to sign this Agreement on its behalf.

 Brian Mueller, President Grand Canyon University	<u>SEPTEMBER 27, 2013</u> Date
(b) (6)  Mary E. Gust Director, Administrative Actions and Appeals Service Group Federal Student Aid U.S. Department of Education	<u>9/27/13</u> Date