



SEP 22 2014

Mr. Thomas J. Haggerty
President
Institute of Allied Medical Professions
225 West 34th Street
Suite 1200
New York, NY 10122-0049

Certified Mail Return Receipt Requested
7006 0810 0004 0470 5374

RE: **Final Program Review Determination**
OPE ID: 04123200
PRCN: 201010227061

Dear Mr. Haggerty:

The U.S. Department of Education's (Department's) School Participation Team – New York/Boston issued a program review report on 8/1/2012 covering Institute of Allied Medical Professions' (Allied) 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 award years 2008/2009 and 2009/2010. Allied's final response was received on 9/16/2013. A copy of the program review report (and related attachments) and Allied's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Allied upon request. Additionally, 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.

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, and (3) notify the institution of its right to appeal.

Due to the serious nature of one or more of the enclosed findings, in the normal course, this FPRD would have been referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action (e.g. Fine). Since Allied is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should Allied apply for reinstatement in the future, in addition to meeting all

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – New York/Boston

Financial Square, 32 Old Slip, 2th Fl., New York, NY 10005

other requirements, this matter will need to be addressed. Please note that the appeal instructions contained herein apply only to the appeal of the financial liabilities established in this final program review determination.

The total liabilities due from the institution from this program review are **\$2,376,018.82**.

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, Student Sample. In addition, Appendices B through N also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the 8/1/2012 program review report. If Allied 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 Allied receives this FPRD. An original and four copies of the information Allied submit 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

Allied'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 Allied'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).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Lydia Gonzalez at (646) 428-3743. 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)
Final Program Review Determination Report (and appendices)

cc: Ms. Irena Hoxha, Financial Aid Administrator
Mr. Joseph Frey, New York State Education Department
Ms. Carol Money maker, Accrediting Bureau of Health Education School
Mr. Michael Wilton, New York State Higher Education Services Corporation

bcc: Reading file, Correspondence file, Betty Coughlin, Chris Curry, Lydia Gonzalez, Ron Bennett, Mary Gust, Cynthia Logan, Denise Morelli, Brian Hickey, OCFO Accounts Receivable, FSA_PC SEC (ICD-DL-TECH-FFEL-Liabilities), FSA_PC SEC (ICD-All Title IV Programs Liabilities), Kathleen Wicks, Robin Minor, Lauren Pope, Don TanGuilig, Sherrie Bell, ERM

Prepared for

**INSTITUTE OF ALLIED
MEDICAL PROFESSIONS**

Federal Student Aid
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OPE ID: 04123200
PRCN : 201010227061

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – New York/Boston

Final Program Review Determination

SEP 22 2014

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A. Institutional Information

Institute of Allied Medical Professions
 225 W. 34th Street, Suite 1200
 New York, NY 10122

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year

Accrediting Agency: Accrediting Bureau of Health Education Schools

Student Enrollment: 285 (2009)

Percentage of Students Receiving Title IV: Loss of Eligibility 5/23/2014

Source: School Records

Title IV Participation:

Programs	2009/2010	2010/2011	2011/2012
Pell Grant	\$ 987,022	\$ 800,595	\$ 241,871
Federal Family Educational Loan Program (Subsidized)	1,478,530	174,408	0
Federal Family Educational Loan Program (Unsubsidized)	2,426,967	290,832	0
Federal Family Educational Loan Program (PLUS)	322,477	26,196	0
Federal Direct Loan (Subsidized)		996,550	586,556
Federal Direct Loan (Unsubsidized)		1,629,696	1,112,454
Federal Direct Loan (PLUS)		198,663	83,590
Total Amount Disbursed	\$ 5,214,996	\$ 4,116,940	\$2,024,471

Default Rate FFEL/DL: 2010 9.8%
 2009 7.6%
 2008 0% (began participation February 2008)

Source: U.S. Department of Education

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at Institute of Allied Medical Professions (Allied) from November 16, 2009 to November 20, 2009. The review was conducted by Lydia Gonzalez, Teresa Martinez, and Maritza Phillips.

The focus of the review was to determine Allied's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Allied'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 30 files was identified for review from the 2008/2009 and 2009/2010 award years to date. 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, 15 files were selected based on Title IV disbursement at an ineligible location, 12 withdrawal files, 5 graduate files, 10 externship files, and 2 files from student complaints. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on **August 1, 2012**.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Allied'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 Allied's 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 9, 14, 16, 17, 18, and 20

Allied has taken the corrective actions necessary to resolve findings 9, 14, 16, 17, 18, and 20 of the program review report. Therefore, these findings may be considered closed. The institution's written responses related to these findings are included in Appendix C. Findings requiring further action by Allied are discussed below.

Resolved Findings with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

Finding 1. Lack of Administrative Capability

Noncompliance:

By entering into a program participation agreement with the Department, the institution, 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 accordance 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, HEA programs. In this regard, an institution must comply with all Title IV statutory and regulatory requirements. 34 C.F.R. § 668.16(a).

The Department has determined that Allied lacks the administrative capability to properly administer the Title IV programs. The institution's impaired administrative capability causes the institution to disburse Title IV funds to ineligible students, which creates a financial burden for the U.S. Department of Education and the taxpayer. The following serious findings, which are included in this report, demonstrate that the institution has a lack of administrative capability:

- 2. Ineligible locations
- 3. Failure to Provide Program as Contracted –Externships
- 4. Late /Unmade Return of Title IV Funds
- 5. Leaves of Absence Deficiencies
- 6. Late Disbursement of Pell (Excess Cash)
- 7. Misrepresentation-Institution and Program

Directives From Program Review Report:

In response to this finding, Allied was required to prepare a training plan for its staff, including senior school officials, to ensure it develops adequate internal controls to properly administer the Title IV, HEA programs, and meet its responsibilities to the Department. Allied was required to submit details of that plan to this office with the response to this report. The institution was informed that it would be apprised of any action or additional requirements after the review of its response to the report.

Final Determination:

In its initial response dated 10/4/2012, Allied stated that it disagrees with this finding claiming that it hired what was considered a competent Financial Aid Administrator (FAA) who had experience and was highly recommended. It stated that after a few months the FAA showed lack of Title IV knowledge, poor organization skills and record keeping which resulted in conflicting information and data mismatch within accounting records, Campus Vue systems and the Pell bank account. This resulted in the FAA's termination on 6/9/2009.

In its corrective action plan, Allied stated that it corrected errors, improved staff to strengthen its administrative capabilities, and that it reviewed all files. It also stated that it hired two experienced FAAs, and an outside consultant from Financial Experts Inc. to conduct additional training and assist in revising its policies and procedures manual and to conduct an audit of all files.

On 1/8/2013, the Department sent a letter to Allied requiring the school to resubmit the program review response because the corrective action plan was inadequate. The corrective action plan only addressed financial aid and one FAA. Many of the findings noted happened prior to hiring the FAA and after terminating the FAA in question. In its response Allied failed to provide corrective action plans for other serious findings noted under lack of administrative capability such as failure to provide program as contracted, externship issues, misrepresentation, and ineligible locations. Further, findings that were related to the delivery of the educational program offered by Allied are out of the FAA's jurisdiction. Allied failed to provide any corrective action plan to improve or strengthen its administrative capability including actions related to other departments/offices and senior management.

In response to the Department's letter of request dated 1/8/2013, on 3/19/2013, Allied stated that after evaluating the Department's required action it prepared a training plan based on FSA Assessment and FSA Coach Web based training. The training plan included its FA staff, other departments/offices and senior officials to strengthen the institution's administrative capability.

Although Allied eventually submitted an acceptable detailed plan to ensure adequate internal controls to properly administer the Title IV programs, the institution's impaired administrative capability caused the institution to disburse Title IV funds to ineligible students. As a result, this program review final determination (FPRD) has been referred to the Administrative Actions and Appeals Service Group (AAASG) for any further action deemed necessary.

Finding 6. Late Disbursement of Pell Grant (Excess Cash)

Noncompliance:

The Secretary considers excess cash to be any amount of Title IV, HEA program funds that an institution does not disburse to students or parents by the end of the third business day following the date the institution received those funds from the Secretary. 34 C.F.R. § 668.166.

The Department found that the institution drew down Pell Grant funds but failed to disburse the funds within the required timeframe to the following students 5, 7, 8, 9, 11, 40, 55, 57, 60, 61, 62, 63, 64, 65, 67, 68, and 71.

Directives From Program Review Report:

Allied was required to determine the exact amount of institutional liability associated with this finding, by performing a Pell Grant reconciliation review to determine the extent of the excess cash it held during award years 2008/2009 and 2009/2010. The institution was directed to identify each occurrence of excess cash, on a daily basis. Allied was required to submit a report with the results of the reconciliation.

Final Determination:

In its response, Allied stated that it disagreed with this finding, because it never intentionally kept excess cash over three business days. Allied stated that the late disbursements appeared to be from errors of the financial aid officer. Allied further stated that during the reconciliation process for award year 2008/09, the new Director of Financial aid found mismatching data between COD and Allied's Campus Vue Systems. There were instances where more Pell was entered in COD than was drawn in G-5, and that there were students that did not have Pell records in COD but had a Pell disbursement posted to the ledger, or the opposite.

Allied provided the reconciliation reports, as requested, for award years 2008/09 and 2009/10. It also provided a copy of detailed policies and procedures to prevent reoccurrence of this finding.

The Department accepts Allied's response, and detailed policies and procedures that have been implemented to prevent reoccurrence of this finding. A review of the reconciliation reports submitted as **Appendix C** did not indicate any excess cash. However, Allied's erroneous data and account records reflected excess cash during the program review visit, and it was not until after the program review was performed that Allied reviewed every student file, and made appropriate corrections to reconcile its records for award year 2008/09.

In its response, Allied's officials agreed to its lack of administrative capability during award year 2008/09. Allied is reminded that by entering into a program agreement with the Department, it agrees that it will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV, HEA programs. This involves all departments at the school, not just financial aid.

Finding 7. Misrepresentation- Institution and Program

Noncompliance:

An eligible institution may not engage in misrepresentation to enrolled students or prospective students, or their family members, regarding the nature of the eligible institution's educational programs, the institution's financial charges, or the employability of its graduates. 34 C.F.R. § 668.71(2010). Misrepresentation by an institution of the nature of its educational program includes, but is not limited to, false, erroneous or misleading statements concerning the following:

- (1) whether successful completion of the course qualifies a student for certification in a particular field, see 34 C.F.R. § 668.72(c) (2010);
- (2) the institution's size, location, facilities, or equipment, 34 C.F.R. § 668.72(e) (2010);
- (3) the availability, frequency and appropriateness to the employment objectives that it states its programs are designed to meet, 34 C.F.R. § 668.72(f) (2010);
- (4) the number, availability and qualifications, including the training and experience, of its faculty and other personnel, 34 C.F.R. § 668.72(h)(2010);

The Title IV regulations also prohibit misrepresentation regarding any matters required to be disclosed to prospective students regarding the availability of financial assistance. See 34 C.F.R. §§ 668.72(l), 668.42(a)(1) (2010).

During the course of the review, the reviewers discovered that Allied's officials made substantial misrepresentations regarding the institution's eligibility for Title IV funding, which caused direct harm to following students:

Student 19- On 10/1/08, Allied knowing that the Uniondale location was not an approved Title IV location, executed an enrollment agreement accepting the student into the Diagnostic Medical Sonography (DMS) program which consists of 1,687 clock hours at the cost of \$25,090.00 to begin classes on 9/29/2008. Allied officials also provided the student with a tuition plan estimate which an FFEL Subsidized and Unsubsidized loan

amount of \$8,748.00. On 4/20/09. Despite the fact that Allied knew the location was not approved, it improperly certified and disbursed an FFEL Subsidized loan in the amount of \$1,750 and Unsubsidized in the amount of amount of \$3,000. The fact that Allied certified the FFEL applications confirms that the student was misled.

During the student interview on 1/17/11, the student stated that although she completed the entire program, the institution would not release her graduation certificate because she refused to sign some type of agreement that the school was imposing which now mentioned the FFEL loan ineligibility. Therefore, the student is unable to find employment.

Student 40 - During the student interview on 1/28/11, the student expressed dissatisfaction with the school because she was not aware that a Bachelor's degree was required if she wanted to take the certification exam when she graduates. The information was not released until she had already started classes and had spent time and money. The student also claimed that, to make matters worse, she had to wait three months for an externship placement, and that she would not recommend anyone attend Allied. As of the date of the interview, the student was working part time which is not acceptable to qualify for the test. The student was hopeful that someday she would find full-time employment to meet the requirements to take the certification exam, since part time earnings are not sufficient to repay the amount of student loans borrowed.

Student 54- The student filed a written complaint addressed to New York State Education Department Bureau of Proprietary School Supervision on 6/20/10 alleging that Allied misrepresented the program by informing her that the maximum number of students permitted in the course was 15 before she signed up, but there were 30 students in her class. In addition, the equipment in the lab was not in working condition, which prevented proper training. Furthermore, in her letter of complaint, the student stated that students were told, during a visit from an investigator, to say that the school consisted of only one floor, the 12th floor, when they were actually offering classes on two floors, the 10th and the 12th floors. She also stated that a "student library" was set up just for that visit.

Student 74- The student filed a written complaint addressed to President Obama alleging that Allied partially misrepresented the program by informing her that she did not have to have a Bachelor Degree to apply for the American Registry of Diagnostic Medical Sonographers (ARDMS) exam as long as she completed the program at Allied and obtained one year full time work experience in either Ultrasound or Vascular. Allied failed to disclose that she could not obtain that type of work experience without the ARDMS exam. Therefore, the program she completed and paid \$25,000.00 for at Allied did not lead to employment and she has not been able to get a job in the field because employers require certification.

Furthermore, in one of Allied's brochures that had been given to prospective students, there is information about the "Allied Difference". It states that what differentiates Allied's Diagnostic Medical Sonography (Ultrasound) program from others is the specialty training given to its students. It states that students of the Diagnostic Ultrasound program receive training and certification in all general procedures as well as in Echocardiology (Cardiac Ultrasound) or Vascular Sonography. The information disclosed to prospective students is false because only certain students can receive certification from ARDMS. Students must meet certain requirements that cannot be obtained at Allied.

For example, to take the ARDMS certification exam students must have a Bachelor's degree or possess one year of full time employment experience in the field. Allied not provide a Bachelor's degree program, and it does not have the facility of a medical office or a hospital to employ all the graduates so that they can obtain the necessary work experience required for the exam.

In addition, Allied falsely disclosed to all students during 2008/09 and 2009/10 that the clinical assignments (Internship) are made near the end of the didactic portion of the program, and that due to site availability, there may be a gap of up to 30 days between the scheduled end of the didactic portion and site placement. However, the students' records and student interviews conducted disclosed that the average waiting time is three months, and some cases as long as six months.

Further, Allied closed the Main location without providing notification to New York State Department of Education (NYSED), or the Department in advance. Notification for this type of change is required because the Department needs assurance that students have been properly informed, and to limit the amount of inconvenience and additional costs for students. In addition, per NYSED, had Allied provided notification, NYSED officials would have met with the students to provide them with information regarding the student's rights and options. One of the options was that if the student did not wish to transfer to another location he or she could to stop and get their tuition payments refunded. Allied failed to provide the students from the Elmhurst main location with an opportunity to make an informed decision, thereby causing them harm because many of the students had to wait for months before Allied could place them in an externship site, as noted in Finding 3 below.

Last, Allied misrepresented the Title IV programs to prospective students by certifying student loan applications for students, knowing that locations such as the Uniondale location were not approved by the New York State Department of Education.

Directives From Program Review Report:

Allied was required to provide a response for the students cited in this finding. The institution was informed that it would be apprised of any action or additional

requirements after the review of its response. Allied was also required to inform this office of the procedures it has implemented to ensure no reoccurrence of this finding.

Final Determination:

In its response, Allied disagreed with the findings for all students.

Student 19 – Allied stated that it informs all students of its accreditation and licensing approvals during the admissions process, and that its records indicate that student 19 originally enrolled and was packaged at the Elmhurst Campus which was Title IV eligible. As a result, Title IV was certified, but that the student subsequently, cancelled the enrollment at Elmhurst and transferred to the Uniondale Campus. Allied agreed that Title IV disbursements were made to the student, however, that it was an error due to multiple enrollments in the computer, and that the funds were returned the same day received.

Student 40- Allied stated that all incoming students are told (minimally) three times about the ARDMS pre qualifications as well as reading and signing the school form. Allied claims that students are informed of this requirement during admission, orientation, and from the ultrasound instructors. The institution further stated that this student had been employed at South Island Medical Associates since 8/7/09; therefore, there is no barrier blocking the student from taking the ARDMS exam.

Student 54- With respect to the equipment issue, Allied stated that that even if there was one malfunctioning machine, it owns and utilizes several other pieces of ultrasound equipment which the students will use on a continuing basis. Management ensures the valuable machines are maintained on a regular basis. Allied also stated that the student was granted a full refund of her tuition costs.

Student 74- Allied stated that that there is no substantial proof regarding the fallacy of student's belief. The institution stated that students are informed of the ARDMS registry requirements during the admission process, orientation, and during the didactic portion of the class and students sign the school form. Allied further stated that even if a student chooses not to take their registry, they are still employable and that Allied receives calls from sites looking for candidates, fully aware of their status. The students do become employed and gain valuable experience. Allied stated that the clinical coordinator contacted this student multiple times after graduation to offer her various employment opportunities but that the student refused to speak to the clinical coordinator and that the student also failed to inform the school of her change of address.

Regarding the brochure, Allied claims that it has state approved curriculum to offer general with vascular or general with cardiac. The institution further stated that it does not state or indicate that it grants bachelor degrees nor employ its students upon graduation. The institution states that it imparts education needed to attain registry.

With respect to externships, Allied stated that students are given an externship site in advance of completing their didactic portion of the program, and they start their clinical within 72 hours of completing didactic to ensure that students do not have 30 day or more gaps.

The Department reviewed Allied's response and determined that it does not resolve the finding for the following reasons:

Allied accepted the enrollment cancellation from Student 19 from the Elmhurst location, but failed to inform the student that the Uniondale location was not eligible for Title IV funds. The student transferred with the understanding that she was eligible to receive Title IV funds. Returning the Title IV funds after the fact did not negate the direct harm caused to the student. Allied allowed the student to graduate but would not release her graduation credentials needed for employment due to an outstanding balance which the student is unable to pay. As a result, the student is unable to find employment.

Regarding information about the ARDMS registry requirements, it is evident that both students 40 and 74 did not receive the information until after the students began the program and had incurred tuition liabilities.

Allied only provided a partial response to the allegations made by Student 54. No explanation was provided regarding misrepresentation of the number of students in her class, misrepresentation of classroom usage and "library" to New York State Department of Education's (NYSED's) investigators during their visit. Further, the fact that Allied refunded the student her tuition in full would appear to confirm that the program was misrepresented to the student.

Regarding the "Allied's Difference" brochure, information received from NYSED officials confirms that it is considered false advertising because students do not automatically receive certification upon graduation. NYSED also agrees that most employers will not consider someone without certification or experience and that many students discovered this after graduating. As a result, NYSED stated that the entrance requirements were changed, requiring all students to have a degree before they can enroll. Further, NYSED's investigators found the training to be too general, and the teaching of skills needed for employment is questionable, which has been a common theme from students' complaints to NYSED. Investigators found that the didactic training to be poor, and the externships even worse.

Regarding "externship placement", although Allied stated that students are being placed within 72 hours of completing the didactic portion of the program, that was demonstrably not true for students that attended the institution during 2008/09 and 2009/10. This is confirmed by Allied's response to finding 5 (Leaves of Absence Deficiencies). The file review report submitted in response to that finding indicated that Allied improperly

placed 116 students on leave of absence under "Wait Externship". Every student listed had to wait over 30 days to be placed in an externship site. The waiting period ranged from 31 days to 238 days. The information confirmed that Allied falsely represented the information to the students, the State Education Department, the accrediting agency, and the Department by falsely disclosing that the waiting period is no more than 30 days.

The waiting period harmed some students in more ways than others. In all cases, the students were inconvenienced because they had no choice but to wait, since they had already invested their time and money. Students were unable to work at other jobs because most of the externship assignments were day time assignments. The FFEL and DI recipients had no choice but to delay repayment of their loans, which is a burden to the Department and the taxpayers who continued to pay interest on subsidized loans while students were falsely reported to be on a leave of absence.

Finally, Allied failed to provide a response regarding the closing of the main location in Elmhurst without providing notification to NYSED. Notification for this type of change is required because the Department needs assurance that students have been properly informed, and to limit the amount of inconvenience and additional costs to students. In addition, per NYSED, had Allied provided notification, NYSED officials would have met with the students to provide them with information regarding the student's rights and options. One of the options was that if the student did not wish to transfer to another location he or she could stop and get their tuition payments refunded. Allied failed to provide the students from the Elmhurst main location with an opportunity to make an informed decision, thereby causing them harm because many of the students had to wait for months before Allied could place them in an externship site.

Allied's responses to other findings, as well as lack of complete and accurate responses to this finding, confirm that substantial misrepresentations regarding the institution's Title IV eligibility and the nature of its programs caused direct harm to students and the Department. Allied's responses do not diminish the seriousness of the violation identified during the program review process nor do they eliminate the possibility that the Department will initiate an adverse action as a result. For these reasons, the finding of noncompliance is sustained.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of Allied's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on 8/1/2012 is attached as Appendix B.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual

findings, but instead are included in the summary of liabilities table in Section D of the report. The “return paid date” used to determine interest liabilities are based on Allied’s program review response dates.

Finding 2. Ineligible Locations

Noncompliance:

In order for students to be eligible to receive Title IV funds, they must be enrolled in an eligible educational program at a Title IV eligible institution. 34 C.F.R. § 668.32(a) (1). An institution’s programs and locations must be approved by its licensing body, accreditor, and the Department. See 34 C.F.R. §§ 600.2, 600.10(b). Institutional Title IV eligibility does not automatically extend to any location an institution establishes after the initial eligibility determination where it provides at least 50% of an educational program. 34 C.F.R. § 600.10(b)(3). If an institution, such as Allied, is participating under a provisional Program Participation Agreement (PPA), it must obtain approval of the additional from the Department prior to disbursing Title IV aid. 34 C.F.R. § 600.20(c).

During the course of its review, the Department discovered that Allied improperly disbursed Title IV, HEA funds to students enrolled in the Diagnostic Medical Sonography (DMS) Program (1687 Clock Hours) at an unapproved location at 225 W. 34th Street, New York, NY 10122. The location was not officially approved by the Department until 11/10/11. The Department also discovered that the institution closed its main location located in Elmhurst, Queens, New York, without notifying the Department.

Further, information received from NYSED disclosed that in an agreement executed on 3/8/2011, Allied acknowledged committing a violation at its former Elmhurst location for failing to provide 30 days written notice of its plan to discontinue operations, in violation of Section 5001(8) of the New York State Education Law. The school consented to terms which included payment of a fine, compliance with the licensing provisions of the law and regulations and additional penalties for further violations. NYSED considered it a closed location and not a re-designation.

The provisional Program Participation Agreement (PPA) that Allied entered into with the Department specifically stipulated that the provisional certification is granted for a limited period to permit the institution to participate in the Title IV, HEA programs referenced in the PPA. As noted above, an institution, such as Allied, that is provisionally certified must apply for and receive approval by the Secretary prior to disbursing funds at an additional location where it provides 50% or more of an educational program. The PPA, signed by the institution’s Chief Executive Officer on 2/5/2008, limited Allied to offer the DMS program at the main location located at 91-31 Queens Blvd., Elmhurst, NY 11373, and its additional location located at 95 Grasslands Road, Elmwood Hall, 2nd Fl., Valhalla, NY 10595.

Since Allied did not receive approval for the location at 225 W. 34th Street, Allied improperly disbursed Title IV funds to students 7, 9, 10, 11, 13, 14, 18, 23, 27, 29, 32, 33, 34, 35, 36, 38, 40, 41, 45, 48, 49, 50, 54, 55, 56, 57, 58, 59, 61, 62, 63, 64, 66, 67, 69, 70, 71, and 72. In addition, Allied improperly disbursed subsequent Title IV funds to students who began the DMS program at the approved Elmhurst main location. After the location was closed on 10/31/09, the funds were subsequently disbursed at the ineligible location located at 225 W. 34th Street.

On 12/11/08, Allied received an acknowledgement letter from its accrediting agency, Accrediting Bureau of Health Education and Schools (ABHES), stating that Allied filed an application requesting approval for a separate classroom space located at 93-31 Queens Blvd with the stipulation that the separate classroom location would be utilized to teach-out the current students from the Elmhurst main location until November 2009. As of the date of program review in November 2009, Allied officials claimed that there were 70 students that had not graduated, but that were attending the clinical portion of the program.

Allied closed its main location in Elmhurst on 10/31/09 without notifying the Department of its teach-out plans, and transferred the students to the W. 34th Street location without receiving official approval from the Department. As a result, Allied improperly disbursed Title IV funds to students 2, 4, 5, 6, 8, 22, 28, 44, 46, 51, 52, 53, and 74.

In addition, Allied disbursed FFEL loans to students at a location in Uniondale, NY, but returned the funds the same day to students 16, 17, 19, 20, and 26. When questioned by the reviewers, the school's explanation was that the Financial Aid Administrator made the mistake of disbursing the funds, but the business office caught the error at the time of disbursement and returned the funds to the appropriate programs. School officials provided the list of students attending the Uniondale location, and documented evidence that the funds were returned.

The school official failed to disclose that subsequent 2nd loan disbursements were made for some of the students, as in the case of Student 17. The 2nd loan disbursements were drawn on 4/2/09 in the amount of \$1,750 subsidized FFEL funds and \$3,000 unsubsidized FFEL funds but were not returned to the lender until 11/18/09, after the program review had started. The copy of the student's ledger initially provided to the reviewers dated 11/19/09 did not reflect any Title IV FFEL loan transactions. However, the school official who subsequently provided proof that the first disbursements were returned to the lender, provided a copy of a ledger dated 10/23/09 that did reflect the Title IV transactions. By deleting the Title IV FFEL transactions, Allied attempted to mask the fact that it obtained FFEL funds for the student who was attending an ineligible location. This action brings into question the validity of records provided to the reviewers by Allied officials.

Further information obtained from NYSED disclosed that Allied offered instruction without a school license at the Uniondale location. Allied consented in an agreement executed with NYSED on 6/10/09, to terms which provided for a fine, refunds to students in a former MRI program, compliance with the Education Law and Commissioner's Regulations, and additional penalties for further violations. As a result, the Department has determined that Allied improperly disbursed Title IV funds at the Uniondale location to Students 1, 25, 30, 39, 42, and 43.

Directives From Program Review Report:

Due to the systemic nature of this finding, Allied was required to perform a full file review to identify all Title IV, IIEA recipients, including the students cited in this finding, in award year July 1, 2008 through 11/10/11, who received Title IV funding at the ineligible locations. In addition, Allied was also required to inform this office of the procedures it has implemented to ensure no reoccurrence of this finding.

Final Determination:

In its initial response to this finding dated 10/4/2012, Allied stated that it disagrees with this finding. It claims that the 225 W. 34th Street location was approved by NYSED on 12/07/2006, and that according to regulations a change of principal location is considered "Report and-Go" and does not require the Department's approval. It provided documentation indicating that it updated Section F of the E-app, and a copy of an email sent to one of the Department's officials located in the Boston regional office.

Regarding the Uniondale location, in its response, Allied stated that the location was licensed by NYSED on 6/9/2009 and that student records from Uniondale were inadvertently attached to the Elmhurst location records because both locations were sharing the same data base. Allied provided a response for all students cited for receiving ineligible disbursements at the Uniondale location and provided the required spreadsheet listing all the students that attended the Uniondale location for the time period required.

The Department accepted Allied's responses and the corrective action plan to this finding as it pertains to the Uniondale location. However, the Department has concerns with some of the responses provided. For example, the explanation given for Student 25 is that the student was enrolled at the Elmhurst location for five months and requested a transfer to the Uniondale location, and that subsequent Pell disbursements were disbursed in error. However, at the time the student requested the transfer, Allied was well aware that the location was not approved. The institution was required to withdraw the student, complete a Return of Title IV (R2T4) calculation and cancel any pending future disbursements. For student 30, Allied stated that the student enrolled in the NY campus, cancelled and started at the Uniondale location, and those funds were disbursed in error due to NY enrollment listed in its Campus Vue system.

The response provided by Allied for the West 34th Street location was not acceptable. The location was approved by NYSED on 12/7/2006, and on 12/11/2008 by ABHES. However, the location was not officially approved by the U.S. Department of Education until 11/10/2011. The "Report and Go" procedure cited by Allied does not apply to institutions that are provisionally certified. As noted above, provisionally certified institutions must obtain approval from the Department before disbursing funds at an additional location. The PPA, signed by the institution's Chief Executive Officer on 2/5/2008, limited Allied to offer the DMS program at the main location located at 91-31 Queens Blvd., Elmhurst, NY 11373, and its additional location located at 95 Grasslands Road, Elmwood Hall, 2nd Fl., Valhalla, NY 10595.

Allied was required to determine the exact amount of institutional liability associated with the West 34th Street location. The institution was required to perform a full file review to identify all Title IV recipients, including the students cited in this finding, in award year July 1, 2008 through 11/10/11, who received Title IV funding at the ineligible West 34th Street location. After initially refusing to submit the information, Allied ultimately provided a listing of all students who were disbursed Title IV funds at the ineligible locations. Allied's file review is included as Appendix C.

A summary of the ineligible Title IV funds disbursed at the ineligible 34th Street location, submitted by Allied is as follows:

Program	AY 07/08	AY 08/09	AY 09/10	AY 10/11	AY 11/12	Total
Pell	0	351,320.20	879,791.14	666,499.38	80,465.00	1,978,075.72
FDL Sub	0	0	96,407.40	730,850.00	90,193.33	917,450.73
FDL Unsub	0	0	145,025.00	1,238,820.00	160,806.33	1,544,651.33
FDL Plus	0	0	44,171.00	144,444.00	13,246.00	201,861.00
FFEL Sub	12,066.25	540,652.03	917,561.89	0	0	1,470,280.17
FFEL Unsub	18,337.04	795,762.84	1,512,448.79	0	0	2,326,548.67
FFEL Plus	0	165,593.28	155,082.00	0	0	320,675.28
Total	\$30,403.29	\$1,853,328.35	\$3,750,487.22	\$2,780,613.38	\$344,710.66	\$8,759,542.90

The total Pell Grant liability for award years 2008/09 through 2011/12 due the Department is **\$1,978,075.72**, included as **Appendix D**. Repayment instructions are included at the end of this letter.

The result of the file review submitted by Allied (see Appendix C, for details) also disclosed ineligible Direct Subsidized, Unsubsidized and Direct Plus loans disbursements for award years 2009/10 through 2011/12 totaling **\$2,663,963.06**. Allied also disclosed ineligible FFEL Subsidized, Unsubsidized and FFEL Plus ineligible loan disbursements totaling **\$4,117,504.12**. Therefore the total amount of the Direct loan and FFEL loans liability due the Department is **\$6,781,467.18**.

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount.

The estimated actual loss for the ineligible loans is based on Allied's most recent cohort default rate available. As a result, the estimated actual loss that Allied must pay to the Department for the ineligible loans is **\$141,363.32**. A copy of the results of that calculation is included as **Appendices D1 and D2**. Repayment instructions are provided at the end of this letter.

Finding 3. Failure to Provide Program as Contracted- Externships

Noncompliance:

When an institution applies for Title IV participation, it submits an application to the Department that includes the educational programs it offers. 34 C.F.R § 600.20. When an institution submits the application it must show that it has received approval for its programs from both the accrediting body and its state licensing body. Changes to the scope of the educational programs made after the initial application must be submitted to the Department for approval. 34 C.F.R. § 600.10 (c), § 600.20 (c).

An eligible institution may enter into a written agreement with an ineligible institution or organization to provide part of the educational program of students enrolled in the eligible institution. If the ineligible entity provides between 25% and 50% of the program, the ineligible institution or organization and the eligible institution cannot be owned or controlled by the same individual, partnership or corporation, and the eligible institution's accrediting agency has specifically determined that the institution's arrangement meets the agency's standard for the contracting out of educational services. 34 C.F.R. § 668.5(c).

When providing Title IV aid to a student to attend a particular institution, the Department is paying the institution for at least a portion of the program for which the student contracted. The enrollment agreement becomes the basis upon which the Department provides payment to the school on behalf of the student. The Diagnostic Medical Sonography (DMS) program offered by Allied was approved with externship components

of 1000 clock hours. Externships are included in programs to provide students with actual work experience in a job environment setting so that they will be prepared for future employment and to make the students more marketable when seeking those jobs.

According to the Accreditation Manual of the Accrediting Bureau of Health Education Schools (ABHES), externships are available for all enrolled students as they are ready for the experience. It states that students should not be required to wait for externships, and back-up sites should be available to ensure that there is no significant break in the educational process. It also states that trained and credentialed staff provides an on-going evaluation of externships and external laboratory and clinical experiences, and further states that an externship site is to be provided a written agreement from the institution stating requirements for the learning experience.

Regarding appropriate supervision and evaluation of student performance, ABHES states that a person who meets the minimum qualifications of a faculty member and is employed by the institution is responsible for ensuring oversight and evaluation of students while on externship or external clinical experience and is in regular contact with the sites.

During Allied's initial application submitted to the Department for participation in the Title IV, HEA programs, it submitted its clinical externship policies. The policy specifically states that due to externship availability, there may be a gap of up to 30 days between the scheduled end of the didactic portion of the program and clinical externship site placement. However, Allied revised its policy on 9/1/09 by extending the time, deviating from ABHES' externship placement timeframe requirement to periods ranging from one day to a few months, but not to exceed 180 days. Allied did not provide the Department that the modifications to the programs made after the initial approval were approved by the accrediting or state licensing agencies.

During the course of the review, the reviewers discovered that the externship portion of the DMS (1687 clock hours) program, of which 687 hours is theory and 1000 hours clinical externship, was not offered consistent with the accrediting agency's requirement, or that of the school's written policy. Allied failed to place students 2, 6, 7, 8, 9, 10, 11, 12, 13, 18, 28, 29, 39, 40, 42, 43, 44, 45, 46, 48, 49, 50, 54, 58, and 74 in a clinical externship site within the required time frame, per accrediting agency's requirements. The waiting time ranged anywhere between 1 month to 6 months, with an average of three months delay.

In addition, upon reviewing the clinical externship timesheets, it is evident that the program is not being monitored as required, as demonstrated in the following cases:

Student 1- The student's externship site attendance records indicate that the student was attending every day from 9am to 5pm with no lunch break. This is a violation of Allied's

externship policy, which requires the student to take a thirty minute meal break for shifts greater than four hours.

Student 2- When reviewers interviewed this student on 1/13/11, the student claimed that he completed the entire 1000 hours externship at Kingsbrook Jewish Medical Center and was only able to practice vascular scanning. He further stated that he never had a chance to practice general Sonography, which consists of scanning abdominal, obstetrical (OB), and small body parts. This is a violation of Allied's representation of its Sonography program and externship. Allied's description of the program specifically states that the DMS program offers a 16 months curriculum that includes classroom/laboratory teaching and clinical experience using high frequency sound waves (ultrasound) to produce dynamic visual images of organs, tissues and blood flow inside the body. It also states that it examines many parts of the body, such as the abdomen, breast, female reproductive system, prostate, heart, & blood vessels which is increasingly being used in the detection of heart disease, heart attack, and vascular disease that can lead to stroke. He claimed that as a result, his skills are limited, that he is debt and had not been able to find a job, and that he regrets taking the program.

Student 5- When reviewers interviewed this student on 1/13/11, the student claimed that she completed her externship portion of the program at Cornell Diagnostic, but did not get any practice on small body parts, organs, or obstetrical (OB). She also claims that she has not been able to find a job because Allied had not released her graduation certificate. She claims that she was told that financial aid was supposed to cover her tuition but was informed at the end of the program that she had to pay \$2,000.00. A review of the student's externship attendance sheets shows that the first three time sheets had identical signatures of the student and the supervisor as if the student had been provided with time sheets that already contained those signatures. The date was left blank on all three sheets which bring to question the validity of these time sheets, and the school's oversight pertaining to externship student attendance monitoring.

Student 28- The student's academic records indicate that she began her Externship I on 8/4/08, which would indicate less than one month between the end of classes and the start of the externship. However, the externship attendance records provided by Allied indicate that she began Externship I on 9/29/08.

Student 44- During the student interview on 3/3/11, the student claimed that she had to wait from 10/15/09 through 12/7/09 for the school to place her on an externship site. She further stated that she was placed at Occan Sono, and Flushing Hospital to complete the 1000 hours externship portion of the program, but that none of Allied's licensed faculty members ever visited the site. The only contact she had with the school was when she would submit her timesheets via fax to the school. She said that she graduated in June 2010 and had not been able to obtain employment as of 3/3/11.

Student 46- Based on a review of the externship records, the student did not complete the entire 1000 hours externship requirement. The timesheets specify that the student is required to take a 30 minute meal break if shifts are greater than 4 hours. However, although the 30 minutes appeared on the time sheet, the timesheet did not reflect the break time in the daily hour tally. As a result the student only completed 575.5 hours instead of 621 from 12/14/09 through 6/25/10. The remaining timesheets, which consisted of 375 hours, indicate that the student did not take a meal break for shifts as long as 9 hours per day. This is a violation of the school's externship policy.

Student 48- During the student interview, on 3/25/10, the student claimed that she had to wait from 9/9/09 until 12/14/09 to be placed at an externship site. She claims that she is taking her externship at Cornell Diagnostic located in Brooklyn, NY, and attends 5 to 6 hours per day. She said that there were many students from Allied, however, many had to leave because there wasn't enough work in scanning for so many students. She also stated that she expects to complete 1000 hours at that site, that Allied officials have not told her otherwise and no licensed faculty members from Allied have visited the site.

Student 49- During the student interview, on 3/25/10, the student claimed that she did not understand why Allied had placed her on a leave of absence because she never requested a leave of absence. The student also claimed that Allied had placed her at a "horrible" externship site at Washington Heights Medical Plaza but that she left that place because she wasn't learning anything, and the scanning machines were outdated. She found a second site on her own at AA Ultrasound Mobile Co. The main office is located in Astoria, NY, and she receives assignments on a daily basis to go to different doctors' offices to work. She further stated that she expects to be done with her externship hours within a couple of weeks, but as of the date of the interview, her performance at the externship site had not been evaluated by anyone. She also stated that the only contact she had with the school was to fax her timesheets.

Student 51- The student's enrollment status noted as of the date of the program review on 11/18/09 was waiting for externship placement since 10/15/09.

Student 52- The student's enrollment status noted as of the date of the review on 11/18/09, she had been awaiting externship placement since 10/15/09. However, the student's academic transcript indicated that she had completed 595 theory hours instead of the 687 hours required. The information indicates that Allied failed to give the student the opportunity to complete the theory portion of the program as a result of closing the Elmhurst main location.

Student 53- As of the date of the review 11/18/09, the student's enrollment status was noted as awaiting externship since 10/15/09. The status noted in NSLDS reported by Allied was Leave of Absence as of 10/16/09.

Student 54- The student filed a written complaint against Allied addressed to New York State Education Department Bureau of Proprietary School Supervision on 6/20/10, stating that the didactic portion of the program ended at the end of June 2009, and she was not placed in an externship site until September 2009. The school agreement stated that the externship was supposed to be 40 hours per week, but the site only offered two to three hours, and that there were times when the student was not needed at all. The student claimed that she contacted the clinical coordinator at the time to inform her that this was not acceptable and reminded her of the agreement. She stated that after a month of waiting, Allied found her another externship site in Englewood Hospital, but that the hospital had huge budget cuts which affected the Vascular Lab where the student was working. The student was sent to 3 Dimensions Diagnostic Solutions, a mobile company, operated by what she claims to be a very unprofessional, unreliable, unlicensed Sonography worker. The student further stated in her letter of complaint that since there was not enough work, the person told her and another student that they can scan each other at his office. When they arrived at his office, they found out that it was his apartment and when they asked where they would practice scanning, he told them that they can use his bed. The student contacted the school and brought the information to school officials' attention and was told that they would no longer use that site.

Student 58- During the student interview on 3/3/11, the student claimed that she was not placed in an externship site until November of 2009, after waiting for over three months. She also claimed that she was placed on a "horrible mobile company site" (3 Dimensions Diagnostic Solutions) located in New Jersey where she completed approximately 200 hours but had to leave because there was "nothing to do, the supervisor was not certified and did not care". She also claimed that since there was no work, the supervisor would ask the student to go to his office which was his home in New Jersey so that the students can practice on each other. Allied failed to provide the reviewers with an externship agreement for 3 Dimensions Diagnostic Solutions, located in New Jersey (out of state).

Student 67- The student's status noted that as of the date of the program review on 11/17/09, she was awaiting externship placement since 9/10/09.

Student 74- In a letter of complaint to the President of the United States dated 8/16/11, the student stated that the supervisor at her externship site, (Cornell Diagnostic) located at Ocean Avenue in Brooklyn signed off on extra hours noting 8 hours per day on the student's timesheets, when in reality the student only attended 3 hours per day because the site had no patients. This led the student to believe that this was a possible front, alleging that there was Medicaid fraud going on at that facility. Further discussion with the student on 3/9/12 regarding her externship experience disclosed that most of the time there was only one patient at the center. The reviewers visited Cornell Diagnostic located in Ocean Avenue, Brooklyn, but the location had moved to 3858 Nostrand Avenue, about 10 blocks from Ocean Avenue. Upon visiting the Nostrand Avenue address, reviewers were informed that the supervisor responsible for student interns was no longer employed and neither was the office manager. The current office manager claimed that she had no

information/records for student interns, and that they no longer accept student interns at that site. Allied failed to provide the reviewers with an externship agreement for Cornell Diagnostic.

The reviewers also found that the academic transcripts for students reported as graduated, having completed their 1000 hours externships, were falsely programmed in Allied's computer system to reflect that the students had completed Clinical Internship I for 500 hours and Clinical Internship II for 500 hours giving the indication that the students had attended two separate externship locations. This was done in an effort not to exceed the 50% limitation, and to show that the institution is following the required rotation during the externship portion of the training per requirement. However, a review of the students' actual externship attendance records indicate otherwise, as it is in the following cases:

Student 1- The student completed the entire 1000 internship hours at Kingsbrook Medical Center, however the academic transcript indicates that completion of Internship I, and Internship II consist of 500 hours each.

Student 28- The student completed the entire 1000 internship hours at New York Hospital Queens, however the academic transcript indicates that completion of Internship I, and Internship II consist of 500 hours each.

Student 39- The student completed the entire 1000 hours at Kingsbrook Jewish Medical Center, however the academic transcript indicates that completion of internship I, and Internship II consists of 500 hours each.

Student 40 – The student completed the entire 1000 hours at South Island Medical Center at the Long Island location, this was confirmed by the students' actual externship attendance sheets, and also during the student interview process. However, her academic transcript indicate two separate internships each consisting of 500 hours.

Student 41- The students' externship attendance records indicate that she completed the entire 1000 hours at Washington Heights Medical Plaza. However, her academic transcript indicate two separate internships each consisting of 500 hours.

Student 46- The student's academic transcript indicates that he graduated on 7/14/2010, after the program review was conducted. The transcript also indicates that he completed internship I for 250 hours, internship II for 250 hours, and internship III for 500 hours. However, the student's internship attendance records indicate that he completed the entire 1000 hours at Cornell Diagnostics. In addition, during the reviewers' site visit at Cornell Diagnostic, no one was able to confirm the student's internship attendance, claiming that internship is no longer offered at the site, and that the records, or the people responsible were no longer there.

The reviewers' interviews with students regarding internship experiences disclosed that in all instances Allied's licensed personnel never visited the externship sites for observation or evaluation of the students' progress. Site visits only began after the program review had been conducted.

The reviewers also researched complaints against Allied on the Consumer Sentinel Network website. This research disclosed that a complaint had been entered on 1/30/11 where the complainant alleges that the "clinical" provided was a "small room with other students sitting around with no patients". The student claimed that she was forced to falsify her time sheets, and she was threatened to be dropped if she took too long to complete the internship. She claims that officials were aware of the problem, but were agitated when the students would complain. She claims that she cannot get a job because she was deprived of obtaining the hands-on experience necessary because she did not have a legitimate clinical experience, which was supposed to be part of the training.

Also, on 1/19/2011, New York DAILY NEWS published an article "SCHOOLS TRADING ON STUDENT'S HOPE" where Allied was mentioned and a picture of a student holding a graduation certificate from ALLIED indicating that her parents paid \$25K in 2008 and she is unable to find a job. Her complaints included broken equipment, not enough internship spots, and that as soon as a prospective employer saw that she graduated from Allied that would stop them from hiring her.

Since Allied failed to offer the DMS program consistent with the accrediting agency's requirements, and with the institution's written externship policy, the Department considers this to be a written arrangement pursuant to the provisions of 34 C.F.R. § 668.5. Under that provision, an ineligible location cannot offer more than 50% of the educational program. The externship portion of the DMS program being offered at the ineligible externship sites consists of 1000 hours, which is 59.3 percent of the program. Allied is liable for hours in excess of 50% of the program offered at the ineligible externship sites.

Directives From Program Review Report:

In its response, Allied was required to determine the exact amount of institutional liability associated with this finding. The institution was required to perform a full file review to identify all Title IV recipient students, including the students cited in this finding beginning with award year **July 1, 2008 through the date the institution receives this report**, who completed the DMS program. For these students, the institution is required to return Title IV funds received for hours in excess of 50% of the program offered at the ineligible Internship sites. Total program hours cannot exceed 1374 clock hours (687 X 2). As a result, the Department is disallowing 313 hours (1687-1374).

Allied was notified that it could only retain Title IV funds, if eligible, for the first year (900 hours) but for the second year, Allied could only retain Title IV funds for 474 hours

instead of 787 hours. Therefore, Allied was required to determine the effect of the reduced number of hours on student eligibility for all Title IV aid disbursed by recalculating Title IV funds based on a 1374 instead of 1687 clock hours, and must provide the results to this office in spreadsheet format. Allied was required to provide a response for the students cited in this finding with regards to the content of the program offering in the externship portion of the program. Allied was also required to inform this office of the procedures it has implemented to bring the DMS program into compliance with regulatory requirements, and ensure no recurrence of this finding.

Final Determination:

In its response, Allied stated that it disagrees with this finding claiming the following:

Student 1- Allied stated that it behooves the student to subtract the time if a break is taken, and that Title IV was not disbursed for the 2nd academic year- Clinical II and III.

Student 2- Allied stated that students are given the option to pursue the specialties they want to study during their clinical rotations and that the student should have requested a switch to a general site to complete their externship rotation. It also stated that Title IV was not disbursed for the 2nd academic year Clinical II and III.

Student 5- Allied stated that the student was informed by FA multiple times about her outstanding balance. It stated that all clinical externship timesheets are received every Friday and that once received, they are reviewed by the clinical coordinator. At that time, the timesheets were given to the registrar for review and input into the system. It also stated that as an added measure it is asking students to bring in the original timesheets every 250 hours to verify hours completed. It stated that this student is included in the file review spreadsheet.

Student 28- Allied stated that the term dates on the academic reports do not reflect student start date of externship tracking system, overextends its time frame; thus, a student can start their externships within a tight time frame-albeit, not necessarily on one specific date which ensures leeway for a start date. It also stated that Title IV was not disbursed for the 2nd academic year clinical II and III.

Student 44- Allied stated that regarding externship visitation, its new policy requires one or two visits for the site by the clinical coordinator and the campus president. It also stated that this student is included in the required file review spreadsheet

Student 46- Allied stated that regarding timesheets inaccuracies, it ascertains externship hours via the timesheets, and took on good faith what the student submitted to be a true and honest representation of what was performed. It further stated that the student “gyped” himself out of hours by acknowledging six and not 5.5 hours and stated that liabilities due for this student are included in the required file review spreadsheet.

Student 48- Allied stated that regarding the issue of no sufficient externship sites and no visitation to the site, it claims that it is currently placing students in externship sites within 72 hours of completing the didactic studies, and that the sites are being visited one or more times by the clinical coordinator and campus president. It also stated that liabilities due for this student are included in the required file review spreadsheet.

Student 49- Allied stated that regarding incorrect leave of absence and externship visits, the new procedures for leave of absence mandates that prior to taking effect, the document must be signed in person by the student and the campus president and that externship visits are being conducted one or more by the clinical coordinator and campus president. It also stated that liabilities due for this student are included in the file review report spreadsheet.

Student 51- Allied stated that regarding the waiting period for externship placement issue, Allied no longer uses the term "Waiting for Externship", that students are being placed within 72 hours of completing the didactic studies, and that liabilities due for this student are included in the file review report spreadsheet.

Student 52- Regarding the issue that the student did not pass the didactic training prior to externship, Allied claims that it was a system glitch and provided attendance and exams for confirmation. It also stated that liabilities due for this student are included in the file review report spreadsheet.

Student 53- Regarding placing students on LOA due to lack of externship sites, Allied stated that due to NSLDS regulations, LOA forms must be approved by campus president prior to permitting the leave of absence. It also stated that liabilities for this student are included in the file review spreadsheet.

Student 54- Regarding the issue of feeling uncomfortable at the externship site, Allied stated that the student was granted a full tuition refund and that it no longer has an affiliation agreement with 3Dimension due to their unprofessional actions, and that Title IV was not disbursed for the 2nd year clinical II and III.

Student 58- Regarding the issue of waiting a long period for externship placement, Allied stated that students are being placed in an externship site within 72 hours of completing the didactic studies.

Student 74- Regarding the issue of fraudulent timesheets, Allied stated that the student was fully cognizant of timesheet's content upon submittal and that if she had an issue with the sheets being false she should not have signed them and reported the information to the clinical coordinator. Allied further stated that it had no knowledge of fraudulent activity stemming from this incident, that the school no longer uses Cornell Diagnostics as an externship site, and that it would not give a student an externship to expedite and facilitate tracking.

In its corrective action plan, Allied stated that it reviewed all written agreements with the clinical sites and that it discontinued using several sites that failed to satisfy the required criteria. It also stated that it assigned two members from the academic department to ensure oversight of clinical, evaluation of students in externship, and maintaining regular contact with the sites.

As required, Allied conducted a full file review to determine Title IV funds received for the unapproved 313 hours of the program, included in Appendix C. The report disclosed the following liabilities:

Program	AY 08/09	AY 09/10	AY 10/11	AY 11/12	AY 12/13	Total
Pell	0	\$137,392.50	\$175,365.00	\$63,615.00	\$1541.00	\$377,913.50
FFEL Sub	\$1,443.42	\$249,733.42	0	0	0	\$251,176.84
FFEL Unsub	\$824.66	\$410,054.49	0	0	0	\$410,879.15
FFEL Plus	\$3512.60	\$4439.00	0	0	0	\$7,951.60
DL Sub	0	\$4,353.00	\$246,357.00	\$61,020.33	0	\$311,730.33
DL Unsub	0	\$7,464.00	\$406,024.00	\$118,920.33	0	\$532,408.33
DL Plus	0	0	\$21,180.00	\$7,158.00	0	\$28,338.00
Total	\$5,780.68	\$813,436.41	\$848,926.00	\$250,713.66	\$1541.00	\$1,920,397.75

The Department accepts Allied's corrective action plan and the file review that was submitted. It should be noted that the responses provided confirmed that Allied failed to provide the Sonography program as contracted. It clearly indicates that the institution deviated from its accrediting agency, State Education, the Department's requirements, and its own policies and procedures as it pertains to placement of students in externship sites. Therefore, this is a written arrangement under the Title IV provisions. Under those provisions, an ineligible location cannot offer more than 50% of the educational program. The externship portion of the DMS program being offered at the ineligible externship sites consists of 1000 hours, which is 59.3 percent of the program. Therefore, Allied is liable for hours in excess of 50% of the program offered at the ineligible externship. Total program hours cannot exceed 1374 clock hours (687 X 2). As a result, the Department is disallowing 313 hours (1687-1374).

Allied must take appropriate measures based on regulatory requirements, for any future cases where a student have to wait beyond the accreditor's standards to begin externships unless it can document conclusively that the delay was due to student's inability.

Liabilities for this finding have been established, included as **Appendix E** is as follows:

Program	Amount
Pell Grant	\$ 377,913.50
FFEL and Direct Loan	<u>1,542,484.25</u>
Total	\$1,920,397.75

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount.

The estimated actual loss for the ineligible loans is based on Allied's most recent cohort default rate available. As a result, the estimated actual loss that Allied must pay to the Department for the ineligible loans is **\$46,714.36**. A copy of the results of that calculation is included as **Appendices E1 and E2**. Repayment instructions are provided at the end of this letter.

A total of **\$1,778,504.75** of the total liabilities being assessed in this finding are duplicated in Finding 1; therefore, those liabilities will be removed in the summary of liabilities table.

Finding 4. Late /Unmade Return of Title IV Funds

Noncompliance:

When a recipient of Title IV, HEA grant or loan funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV, HEA grant or loan funds that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a). 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)(1).

The reviewers found that Allied failed to returned unearned Title IV funds, or the funds were returned late as follows:

Student 4- The institution did not return an ineligible Pell Grant payment disbursed on 8/24/09 in the amount of \$2,365.00 until after the program review had been announced on 11/12/09, 35 days late.

Student 14- The institution did not return an ineligible Pell Grant payment disbursed on 6/1/09 in the amount of \$2,365.00 until the program review had been announced on 11/12/09, 134 days late.

Student 25- The institution disbursed \$2,365.00 in 2008/09 Pell funds to the student who was attending an ineligible location at Uniondale, and did not return the funds to the Department until 11/6/09, after the program review had been announced. In addition, Allied failed to complete a return of Title IV calculation for this student. School officials informed the reviewers that the student originally started classes at the Elmhurst main location, but transferred to the ineligible location.

Student 30- The student registered to begin classes at the W. 34th Street location but started the program at the Uniondale location, which is also considered to be an unapproved location. The Department's Common Origination and Disbursement (COD) system indicates that the school disbursed the first and second Pell Grant payments for award year 2008/09 knowing that the student was at the Uniondale location. The institution did not return the \$4,281.00 to the Pell Grant program until 11/9/09, after the program review was announced.

Student 31- The student officially withdrew from Allied on 2/9/09. ALLIED failed to return unearned FFEL loan funds in the amount of \$3,233.02 until 7/9/09. This return was 105 days late.

Student 32- The student officially withdrew from Allied on 4/23/09. Allied failed to return unearned FFEL Unsubsidized loan funds to the lender in the amount of 2,904.42 until 7/9/09. This return was 32 days late. In addition, as identified in the school's own calculation, Allied was required to return \$3,101.21 but only returned \$2,904.42. The difference of \$196.79 was not returned until 1/12/09, after the program review was announced.

Student 33- Allied failed to return an ineligible Pell Grant payment of \$2,365 which was disbursed on 6/2/2009 (prior to midpoint) until 11/11/09, 132 days late, and not until after the program review had been announced. The student officially withdrew on 6/18/09.

Student 34- Allied did not return a FFEL Unsubsidized loan in the amount of \$2,347.96 to the lender until 8/31/09, 136 days late. The student's last date of attendance was 3/3/09.

Student 35- Allied did not return a FFEL Unsubsidized loan of \$2,955 and a FFEL Subsidized loan in the amount of \$1620.57 until 11/12/09, after the program review was announced, 196 days late. The student's last date of attendance was 3/16/09.

Student 36- On 4/28/09, Allied incorrectly completed a return of Title IV calculation worksheet using the period of enrollment and incorrectly returned \$545.00 to the Pell Grant program on 5/5/09. On 11/10/09, after the program review had been announced, Allied recalculated the return using the correct payment period and refunded an additional \$274.42 payment to the Pell Grant program on 11/13/09, 174 days late.

Student 38- The student's last date of attendance per the academic transcript was 1/15/09. Allied failed to process the withdrawal within the required timeframe or complete the return of Title IV calculation worksheet, and did not return the Title IV payments until 8/26/09, 179 days late.

Directives From Program Review Report:

Since the finding was based on a sampling of the student files tested, Allied was required to determine the exact amount of institutional liability associated with this finding. The institution was required to perform a **full file review** to identify all Title IV recipient students, including the students cited in this finding in award year **2008/2009 and 2009/2010** who officially withdrew from, or unofficially stopped attending, the institution for which a return of Title IV payment was required.

In addition, Allied was required inform this office of the procedures it has implemented to ensure no reoccurrence of this finding.

Final Determination:

In its response, Allied stated that it concurs with this finding and that the reason for the late or unmade return is because the new FAA realized the funds were erroneously disbursed during the reconciliation of the 2008/09 Pell grant for Students 4, 14, 25, 30 and 33. The following explanations were given for the remaining students cited in this finding as follows:

Student 31- The Academic Department's date of determination was late which triggered a late refund.

Student 32- The Academic Department's date of determination was late which triggered a late refund, and the Business Office calculated the R2T4 using period of enrollment instead of payment period.

Students 34, 35 and 38- Students were on unauthorized LOAs which delayed the date of determination and refund.

Student 36- The student was on an unauthorized LOA which delayed the date of determination and refund. Also, the business office calculated the R2T4 using period of enrollment instead of payment period.

In its corrective action plan, Allied stated that it has hired a new registrar, and has implemented and enforced procedures to ensure that the registrar and academic departments identify students that have been absent for 14 days in order to process changes within the required timeframe.

As required, Allied conducted a full file review to identify all Title IV recipient students who withdrew officially or unofficially during award years 2008/09 and 2009/10.

The Department accepts Allied's response to this finding. The results of the file review, included in Appendix C, Attachment 4, disclosed that Allied failed to return Title funds for 23 of 48 students within the required timeframe. This represents 48% late return of Title IV funds, and the delay in returning the funds was anywhere between 11 to 734 days late. The total amount of unmade returns due the Department, included as **Appendix F and F1** disclosed in the file review report is as follows:

Program	Amount Due
Pell	\$ 3,012.91
DL Subsidized	2,362.00
DL Unsubsidized	6,866.00
FFEL PLUS	2,735.55
FFEL Sub	15,129.81
FFEL Unsub	42,814.41
Total	\$72,920.68

The total Pell Grant amount due the Department is **\$3,012.91**. The total Direct Subsidized loan amount due the Department is **\$2,362.00**. The total Direct Unsubsidized loan amount due the Department is **\$6,866.00**. The total FFEL Subsidized, Unsubsidized, and PLUS loans due the current holder(s) of the loans is **\$60,679.77**. Repayment instructions are provided at the end of this report.

A total of **\$2,894.39** of the Pell Grant liabilities being assessed in this finding are duplicated in finding 1 and 3; therefore, those liabilities will be removed in the summary of liabilities table.

Finding 5. Leaves of Absence Deficiencies (LOA)

Noncompliance:

A leave of absence is an approved leave of absence if

- (i) The institution has a formal policy regarding leaves of absence
- (ii) The student followed the institution's policy in requesting the leave of absence
- (iii) The institution determines that there is a reasonable expectation that the student will return to the school
- (iv) The institution approved the student's request in accordance with the institution's policy
- (v) The leave of absence does not involve additional charges by the institution
- (vi) The number of days in the approved leave of absence, when added to the number of days in all other approved leaves of absence, does not exceed 180 days in any 12-month period
- (vii) Except for a clock hour or non-term credit hour program, upon the student's return from the leave of absence, the student is permitted to complete the coursework he or she began prior to the leave of absence and
- (viii) If the student is a Title IV, HEA program loan recipient, the institution explains to the student, prior to granting the leave of absence, the effects that the student's failure to return from a leave of absence may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period.

34 C.F.R. § 668.22(d).

In order for students to be eligible to receive Title IV funds, they must be enrolled in an eligible educational program at a Title IV eligible institution. 34 C.F.R. § 668.32(a) (1). If students are placed on invalid leaves of absence they do not meet the definition of an eligible student.

During the course of the review, the reviewers discovered that Allied was placing students on invalid leaves of absence in violation of the federal regulations and its own leave of absence policy in order to extend the student's expected completion date, because the institution did not have sufficient externship sites to place the students within the required timeframe per the accreditor's requirement. The following students lacked a proper written request, and approval to take an authorized leave of absence:

Student 4- The student's file lacked a proper written request for an authorized leave of absence prior to beginning the leave for the period starting 4/27/09 through 10/27/09. In