



November 26, 2013

Dr. Rashed Elyas
President
Marinello School of Beauty, Las Vegas
501 South Beverly Drive, Suite 240
Beverly Hills, CA 90212

Certified Mail
Return Receipt Requested
#: 7007 0710 0001 0674 7726

RE: Final Program Review Determination
OPE ID: 00736700
PRCN: 201120927447

Dear Dr. Elyas:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report on June 2, 2011 covering Marinello School of Beauty's (MSB's) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2009-2010 and 2010-2011 award years. The institution's final response was received on August 29, 2011.

The San Francisco/Seattle School Participation Division has reviewed MSB's responses to the Program Review Report. A copy of the program review report (and related attachments) and MSB's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by MSB 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.

MSB's responses have resolved all findings. In addition, MSB has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, MSB may consider the program review closed with no further action required.

Appendix A, Student Sample, contain personally identifiable information and will be emailed to MSB as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

In reference to Finding #3, the Department recommends that MSB use greater care with its loan origination processes and ensuring that a student is eligible for the type of loan being certified (i.e. subsidized, unsubsidized). The other finding of concern was Finding #9 regarding receipt of a GED certificate. The Department indicated that MSB had violated its own policy by not collecting all required documentation prior to disbursing Title IV funds.

Marinello School of Beauty
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Although the Department determined that there were no liabilities as a result of this finding, it is recommend that MSB follow its own policies.

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

If you have any questions please contact Nancy Taylor at 415-486-5508 or via email at Nancy.Taylor@ed.gov.

Sincerely,

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

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

Enclosures: Program Review Report (with attachments)
Marinello School of Beauty, Las Vegas -Response to the Program Review Report

cc: Nancy Alpough, Financial Aid Administrator
Bureau of Private Postsecondary Education
National Accrediting Commission of Cosmetology Arts and Sciences



June 2, 2011

Dr. Rashed Elyas
President
Marinello Schools of Beauty
501 South Beverly Drive
Beverly Hills, CA 90212

Certified Mail
Return Receipt Requested
7007 0710 0001 0560 1999

RE: **Program Review Report**
OPE ID: 00736700
PRCN: 201120927447

Dear Dr. Elyas:

From March 7, 2011 through March 11, 2011, Marcia Clark and Nancy Taylor conducted a review of Marinello Schools of Beauty's (MSB's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by MSB. The response should include a brief, written narrative for each finding that clearly states MSB's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, MSB must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination -
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by MSB upon request. Copies of the program review report, the institution's response, 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 the FPRD is issued.

The institution's response should be sent directly to Nancy Taylor of this office within 90 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. 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. The appendix was encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

Record Retention:

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Nancy Taylor at (415) 486-5508 or nancy.taylor@fed.gov.

Sincerely,

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

(b)(6)
(b)(7)
(C) Nancy Taylor
Team Leader

cc: Mr. Steve Mucciario, Financial Aid Administrator

Enclosure(s):

Protection of Personally Identifiable Information
Program Review Report

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. 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).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.