



APR 15 2015

Mr. Leon Lee, President
Professional Business College
408 Broadway
New York, NY 10013-5049

Certified Mail Return Receipt Requested

7006 0810 0004 0470 6258

RE: **Final Program Review Determination**
OPE ID: 02306500
PRCN: 201230227937

Dear Mr. Lee:

The U.S. Department of Education's (Department's) School Participation Team – New York/Boston issued a program review report on 9/28/2012 covering Professional Business College's (PBC) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010/2011 and 2011/2012 award years reviewed. PBC's final response was received on 9/15/2014. A copy of the program review report (and related attachments) and PBC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by PBC 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, (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 PBC is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should PBC apply for reinstatement in the future, in addition to meeting all other requirements, this matter will need to be addressed. Please note that the appeal instructions

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – New York/Boston

Financial Square, 32 Old Slip, 25th Fl., New York, NY 10005

contained herein apply only to the appeal of the financial liabilities established in this final program review determination.

This FPRD contains one or more findings regarding PBC's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are **\$288,355.00**.

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 C, D, D1, D2, E, and F also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the 9/28/2012 program review report. If PBC 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 PBC receives this FPRD. An original and four copies of the information PBC submits must be attached to the request.

The request for an appeal must be sent to:

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

PBC'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 PBC'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,



Betty Coughlin
Division Director

Enclosure:

Protection of Personally Identifiable Information
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Ms. Cheryl Zhang, Financial Aid Administrator
New York State Board of Regents
Accrediting Council for Independent Colleges and Schools
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

bcc: Reading file, Correspondence file, School file, Betty Coughlin,
Chris Curry, Olga Toulatos, Mary Gust, Cynthia Logan, Denise Morelli,
Sharepoint Site for FOIA, OCFO Accounts Receivable, Lauren Pope, Don Tanguilig,
Brian Hickey, Sherrie Bell, Kathleen Wicks,
FSA PC SEC (ICD-DL-TECH-FFEL Liabilities), FSA PC SEC (ICD-All Title IV
Programs Liabilities, Brenee Johnson,ERM

Prepared for
Professional Business College

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

Final Program Review Determination

APR 15 2015

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A. Institutional Information

Professional Business College
 408 Broadway
 New York, NY 10013-5049

Type: Private Nonprofit

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Current Student Enrollment: 1028 (2011/2012)

% of Students Receiving Title IV: 97% (2011/2012)

Source: School Records

Title IV Participation:

Programs	2012/2013	2011/2012	2010/2011
Pell Grant	\$5,742,505	\$5,806,034	\$7,170,478
Federal Supplemental Educational Opportunity Grant (FSEOG)	101,071	121,467	133,315
Federal Work Study Program (FWS)	59,464	61,561	60,588
Federal Family Educational Loan Program (Subsidized)	0	0	4,204
Federal Family Educational Loan Program (Unsubsidized)	0	0	1,000
Federal Family Educational Loan Program (PLUS)	0	0	0
Federal Direct Loan (Subsidized)	141,761	116,305	353,741
Federal Direct Loan (Unsubsidized)	17,799	16,439	37,048
Federal Direct Loan (PLUS)	6,110	31,494	15,414
Total Amount Disbursed	\$ 6,068,710	\$ 6,153,300	\$ 7,775,788

Default Rate FFEL/DL:	2011	2.6%
	2010	5.4%
	2009	27.1%

Source: U.S. Department of Education

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Professional Business College (PBC) from 6/11/2012 to 6/15/2012. The review was conducted by Lydia Gonzalez and Brenee Johnson.

The focus of the review was to determine PBC'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 PBC'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 2010/2011 and 2011/2012 (year to date) award years. 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, 8 files were selected to test the FSEOG, FWS, and Direct Loan programs. 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 **9/28/2012**.

PBC closed on July 23, 2014.

Disclaimer:

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

In addition, PBC should be aware that nothing in this final determination should be considered to waive, compromise, restrict or settle any past, present or future violations by PBC of the criminal laws of the United States or any action initiated against PBC for civil fraud against the United States.

C. Findings and Final Determinations

Resolved Findings

Findings 3, 4, and 5

PBC has taken the corrective actions necessary to resolve findings 3, 4, and 5 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 PBC are discussed below.

Resolved Finding with Comments

The following program review finding has been resolved by the institution, and may be considered closed. This finding is included solely for the purpose of discussing resolution of the finding.

Finding 6. Annual Security Report Distribution Requirements Not Met

Noncompliance:

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions participating in Title IV, HEA financial aid programs prepare a comprehensive annual security report (ASR) that contains, at a minimum, all of the elements described in 34 C.F.R. § 668.46 (b). The ASR must be prepared and distributed as a single document. The only exception to this requirement is that the ASR may cross-reference information regarding the institution's alcohol and other drug abuse prevention programs required by § 120 (a)-(d) of the Higher Education Act. 34 C.F.R. § 668.46 (a)(10).

Federal regulations also require institutions to provide the Annual Security Report (ASR) to all current students and employees through appropriate publications and mailing.

Interviews with staff members, and students during the program review disclosed that PBC did not have a procedure to distribute its annual security report. The school catalog 2011/2013 indicates that the campus crime reporting and statistics can be located on the college's website. However, the reviewers were unable to locate the information on the college's website.

Directives From Program Review Report:

PBC was required to revise its policies and procedures to include mechanisms to ensure its annual security report is made available to enrolled students, current employees as well as prospective students and prospective employees. Additionally, PBC must ensure that its most recent annual security report is made available to enrolled students and current employees, and it must submit documentation that the most recent report has been distributed to students and employees.

Based on an evaluation of all available information including PBC's response, the Department will determine if additional action will be required and will advise PBC accordingly in the Final Program Review Determination

Final Determination:

In its response, PBC stated, and provided documentation confirming that the ARS and the current Police Report for the Crime Statistics published by the 5th Police Precinct were sent to all current faculty, staff, and students on October 15-17th. It also stated that these reports will be emailed three times a year with updates.

Normally, a copy of the institution's new policies and procedures and its draft ASR would be required to accompany PBC's response to this Program Review Report. Then, PBC would be required to actively distribute it to all current and potential students, faculty and staff in accordance with *34 C.F.R. § 668.41(e)*. Finally, PBC would be required to provide documentation to the Department evidencing the ASR distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification would also be required to affirm that the institution understands all of its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

However, as a result of the school's loss of Title IV eligibility, the institution will no longer participate in the Title IV programs, no policy changes or enhancements to PBC's ASR or its campus security operations will be required by the Department at this time. Notwithstanding this determination, PBC officials are reminded that the exceptions identified in this finding constitute serious violations of the *Clery Act* that by their nature cannot be cured. As such, PBC is advised that these violations would have to be addressed to the Department's satisfaction before any future application for reinstatement could be considered for approval. No further action required at this time; however, if the institution were to ever apply for reinstatement, it would have to come into compliance with Clery and Part 86 as a precondition of regaining eligibility.

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 PBC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on **9/28/2012** 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.

Finding 1. Inadequate Determination of Student Last Date of Attendance at an Academic Related Activity

Noncompliance:

If a student ceases attendance at an institution that is not required to take attendance without providing official notification to the institution, the withdrawal date is the later of the midpoint of the payment period or the period of enrollment, or the last date of attendance at an academically related activity. 34 C.F.R. §§ 668.22 (c)(1)(iii),(3). If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the payment period. See Dear Colleague Letter (DCL) Gen-04-03 (Revised).

For the following students, the institution kept 100% of the Title IV funding that was disbursed to the student for the payment period without being able to prove that the students attended past the midpoint of the payment period. PBC was unable to provide proof of the students' last day of attendance at an academic related activity. In addition, there were several instances where the reviewers noted that the records in the student's files gave indication that the students were unofficial withdrawals who left before completing the semester, but the institution retained 100% of the funds because the students returned to the institution after the end of the semester to officially withdraw from the institution.

Student 1– PBC used 11/2/10 as the date of withdrawal for the 2010 summer II semester that started on 7/20/10 and ended on 11/2/10. The student received a grade of F (failed), FR (failing grade for remedial course), and three grades of WU (unofficial withdrawal) in the five courses attempted during the semester. PBC provided a printout of the assignments the student completed for one of the courses taken during the Summer semester. However, there were no dates that identified when these assignments were completed, and the institution was unable to provide the reviewers with proof that the student earned the F and FR grades by completion or by default (due to nonattendance).

Student 6- PBC used 8/22/11 as the date of withdrawal for the semester that started 5/5/11 and ended 8/19/11. However, the student's progress as of 6/28/2011 (50% cut-off) noted in the advisor's mid-semester contact form indicates that the student had extremely poor attendance, and had stopped attending classes. Further information noted on the form states that the student had to return to China, and upon her return from China on 8/22/11 was advised to withdraw. PBC had to provide proof of attendance at a related academic activity prior to the student leaving to China in order to determine actual last date of attendance because the semester had ended on 8/19/10, prior to the student's

official withdrawal. By completing the R2T4 using 8/22/11 as the withdrawal date, after the end of the semester, allowed PBC to retain 102.8% of the funds which is incorrect.

Student 12 - PBC used 6/2/11 as the date of withdrawal for the 2011 Spring II semester that started on 3/17/11 and ended on 7/1/11. The student received grades of W (withdrawal) in all five courses attempted during the semester. PBC provided a printout of the student's progress spreadsheet that shows attendance through the 9th week of class, but there were no dates that identified the student's last day of attendance. PBC further provided the reviewers with a copy of the teacher's student progress report for the ESL Intermediate Reading course dated 5/13/11 but the form was not signed by the student. The institution's withdrawal date of 6/2/11 yields 72.9%, with the student earning 100% of the aid disbursed for the payment period. The reviewers used a calendar to identify when the 9 weeks should have been completed and determined that the latest date the student could have attended class was 5/12/11, which established that the student only earned 53.2% of the aid received.

Student 26 – PBC used 1/10/12 as the date of withdrawal which is a date after the end of the 2011 Fall I semester. The semester started on 9/14/11 and ended on 1/9/12. The student received a grade of F in two courses and a grade of WU in the three other courses taken for the semester. The institution was unable to provide the reviewers with proof that the student earned the F and FR grades by completion or by default (due to nonattendance).

Directives From Program Review Report:

Due to the systemic nature of this finding, for award years 2010/11, and 2011/12, including the students cited in this finding, PBC was required to identify students who withdrew or stopped attending the institution and received any combination of non-passing grades, and the institution retained 100% of the funds. Additionally, PBC was required to establish procedures that ensure students who cease attendance at the institution are properly identified and that the correct withdrawal date is used to determine any refunds due the Title IV programs. PBC was reminded that since it was not required to take attendance it may use the later of the mid-point of the payment period or the date of the student's last academically-related activity in its Return to Title IV calculation for students who ceased attending without providing official notification. PBC was required to submit these procedures to this office in response to this report.

Final Determination:

In its response, included in Appendix C, PBC stated that the program review afforded the institution a reason to perform a thorough analysis of its academic and business procedures and that it acknowledges and accepts that the internal controls in place were not sufficiently effective to ensure compliance with current Federal Student Aid guideline. It further stated that due to lack of standardized format for grade books and

other academic activities, PBC's compliance efforts were severely compromised. As a corrective measure, PBC stated that it is in the process of implementing widely emerging and adapted technologies utilized by other institutions to help ensure that PBC's business processes are more efficient and transparent in accordance with Federal guidelines, and it is also committed to performing quality assurance checks to ensure new policies and procedures are strictly followed.

In addition, PBC submitted the required file review reports and its revised policies and procedures for Title IV disbursements. The file review report disclosed 200 instances where PBC was unable to conclusively demonstrate attendance beyond the 60% point of the semester.

A summary of the unmade return of Title IV funds liabilities, including the students cited in this finding as a result of the institution's failure to properly document a student's last day of attendance during award year 2009/2010, 2010/2011 and 2011/2012, submitted by PBC (see Exhibit 1A and 1B in Appendix C for details) is as follows:

Program	Liability	Interest	Total
Pell	268,061.50	3,961.62	\$272,023.12
FDL Subsidized	13,151.14	293.00	13,444.14
FDL Unsubsidized	1,368.50	25.00	1,393.50
Total	282,581.14	\$4,279.62	\$286,860.76

The total Pell grant liability for award years 2009/2010, 2010/2011 and 2011/2012 due the Department is **\$268,061.50**. The Pell grant interest liability due the Department is **\$3,961.62**. The Federal Direct Loan liability due the Department for this finding is **\$13,151.14**, and the interest liability is **\$293.00**. The Federal Direct Unsubsidized loan amount due the Department is **\$1,368.50** and the interest liability is **\$25.00**.

The total liability being assessed due the Department for this finding is **\$286,860.76** included in **Appendices D pages 1 through 6, D1 and D2**. Repayment instructions are provided at the end of this letter.

In addition, due to the number of unpaid and late refunds, the institution would have been is required to have on file with the Department an irrevocable Letter of Credit (LOC)

equal to 25% of the total refunds the institution made, or should have made, during the most recently closed fiscal year. 34 C.F.R. § 668.173(d). Since the school is closed, the institution will not be required to post the LOC. If the institution seeks to regain eligibility at any time in the future, the LOC must be posted.

Finding 2. Improper Pell Grant Disbursements

Noncompliance:

Institutions are required to comply with all statutory and regulatory provisions applicable to the Title IV programs. These provisions include disbursing Pell grant funds only after determining that a student is eligible for the disbursement. 34 C.F.R. §§ 668.31, 668.32

The reviewers found that PBC made an improper Pell grant disbursement to Student 3. The student's ledger indicates that a \$2775 Pell grant 2010/2011 payment was posted to the student's account on 8/6/2010. However, the student's academic transcript indicates no enrollment activity during award year 2010/2011. The student's last date of attendance was 3/30/2010. As a result, the 2010/11 Pell grant disbursed in the amount of \$2775 is considered an ineligible disbursement.

Directives From Program Review Report:

PBC was required to provide a response for the student cited in this finding. PBC 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, PBC agreed with this finding. The institution stated that it refunded 50 percent of her Pell award for 2010/2011 and will refund the additional 50 percent. (See Pg. 2 of PBC's response included in Appendix C for details)

In its corrective action plan, PBC stated that it voluntarily became an attendance taking institution. Therefore, attendance would be taken and recorded by faculty in all courses both for the certificate and the associate degree programs, that funds will be refunded following current Federal guidelines, and students' last date of attendance will be used as the withdrawal date to calculate return of Title IV, and develop and R2T4 monitoring system in order to comply disbursements and R2T4 requirements.

The Department accepts PBC's response and corrective action plan submitted for this finding. As a result of its response, the remaining Pell grant liability due the Department for this finding for award year 2010/2011 is **\$1387.00**, and the Pell grant interest liability is **\$32.72**, included in Appendix E. Repayment instructions are included at the end of this report.

Finding 7. 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(a).

During the fiscal review testing process, the reviewers noted that in one instance PBC held \$63,127 in excess cash. PBC drew down \$63,127 in 2010/11 Direct Loan funds on 2/23/11 and did not disburse the funds to the students until 4/12/11, 43 days late. Upon questioning, PBC's official explained that this was an isolated instance of non-compliance caused when PBC began processing the Direct Loan program without the assistance of its third party servicer.

Directives From Program Review Report:

Since further testing did not disclose any additional instances of non-compliance, no further action was required by PBC. However, the interest liability for the amount held in excess cash would be assessed in the FPRD.

Final Determination:

The interest liability for PBC's failure to disburse \$63,127 in Direct Loan funds within three business days is **\$74,38**, included in Appendix F. Repayment instructions are included at the end of this report.

D. Summary of Liabilities

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

Liabilities	Pell (Closed Award Year)	DL Subsidized	DL Unsubsidized	
Finding 1	268,061.50	13,151.14	1,368.50	
Finding 2	1,387.00	0	0	
Subtotal 1	\$269,448.50	\$13,151.14	\$1,368.50	
Interest/SA	3,994.34	293.00	25.00	
Excess Cash Interest	74.38			
Subtotal 2	\$4,068.72	\$293.00	\$25.00	
TOTAL	\$273,517.22	\$13,444.14	\$1,393.50	
Payable To:				Totals
Department	273,517.22	13,444.14	1,393.50	\$288,354.86

E. Payment Instructions

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

PBC owes to the Department **\$288,355.00**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. PBC must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If PBC's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

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

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

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

Terms of Payment

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

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

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

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

Liabilities Owed to the Department in the case of Direct Loans

Direct Loan Closed Award Years (Request Extended Processing)

Finding: 1
 Appendix: D1

PBC must repay the following Direct Loan liabilities:

List each program by principal, interest, and award year on separate rows

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
4685.64 (Sub)	112.00	2009/2010
8465.50 (Sub)	181.00	2010/2011
1368.50 (Unsubsidized)	25.00	2010/2011
Total Principal	Total Interest	
\$14,519.64	\$318.00	

The disbursement record for each student identified in the **APPENDICES D1 and D2** listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in these appendices. A copy of the adjustment to each student's COD record must be sent to **Lydia Gonzalez within 45 days of the date of this letter.**

Request Extended Processing

The DL program year closes 13 months after the award year ends (on the last business day in July of the following year). For example 2011-2012 will close July 31, 2013 COD adjustments are necessary for the closed award years listed above. Before any student level adjustments can be processed, PBC must immediately request extended processing through the COD Website (<http://cod.ed.gov>).

- Click on the Request Post Deadline/Extended Processing link under the School menu.
- On the request screen, the institution should indicate in their explanation that the request is based on a program review, and provide the program review control number.
- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award year(s).

Liabilities Owed to the Department in the case of Title IV Grants

Pell Grant– Closed Award Year

Findings: 1 and 2

Appendices: D pages 1 through 6, and E

PBC must repay:

Pell Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$203,037.50	\$3,477.77	Pell Grant	2010/2011

66,411.00	516.57	Pell Grant	2011/2012
Total Principal	Total Interest		
\$269,448.50	\$3,994.34		

The disbursement record for each student identified in **Appendices D Pg1 through Pg. 6 and E** to the applicable findings must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the Appendices.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via FEDWIRE, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to **Lydia Gonzalez within 45 days of the date of this letter.**

F. Appendices



SEP 28 2012

Mr. Leon Lee, President
Professional Business College
408 Broadway
New York, NY 10013-5049

Certified Mail Return Receipt Requested
7006 2760 0002 1694 0345

RE: Program Review Report
OPE ID: 02306500
PRCN: 201230227937

Dear Mr. Lee:

From 6/11/2012 through 6/15/2012, Lydia Gonzalez and Brenee Johnson conducted a review of Professional Business College's (PBC) 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 PBC. The response should include a brief, written narrative for each finding that clearly states PBC's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, PBC 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).

Federal Student Aid, School Participation Division- New York/Boston
Financial Square, 32 Old Slip, 25th Fl., New York, NY 10005
www.FederalStudentAid.ed.gov

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 PBC 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 **Lydia Gonzalez** of this office within **60 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. 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 **Lydia Gonzalez** at (646) 428-3743 or Lydia.gonzalez@ed.gov

Sincerely,


Christopher Curry
Compliance Manager 

cc: Ms. Cheryl Zhang, Financial Aid Administrator

Enclosure:
Protection of Personally Identifiable Information

bcc: Reading file, Correspondence file, Lydia Gonzalez, Chris Curry, ERM

Prepared for

Professional Business College



START HERE
GO FURTHER
FEDERAL STUDENT AID

OPE ID 02306500

PRCN 201230227937

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Division- New York/Boston

Program Review Report

September 28, 2012

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A. Institutional Information

Professional Business College
 408 Broadway
 New York, NY 10013-5049

Type: Private Nonprofit

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Current Student Enrollment: 1028 (2011/2012)

% of Students Receiving Title IV: 97% (2011/2012)

Source: School Records

Title IV Participation:

Programs	2008/2009	2009/2010	2010/2011
Pell Grant	\$3,785,021	\$4,158,127	\$7,170,478
Federal Supplemental Educational Opportunity Grant (FSEOG)	141,150	149,705	133,315
Federal Work Study Program (FWS)	69,843	75,448	60,588
Federal Family Educational Loan Program (Subsidized)	398,450	526,337	4,204
Federal Family Educational Loan Program (Unsubsidized)	73,105	133,029	1,000
Federal Family Educational Loan Program (PLUS)	1,443	5,487	0
Federal Direct Loan (Subsidized)	0	0	353,741
Federal Direct Loan (Unsubsidized)	0	0	37,048
Federal Direct Loan (PLUS)	0	0	15,414
Total Amount Disbursed	\$ 4,469,012	\$ 4,048,133	\$ 7,775,788

Default Rate FFEL/DL:	2007	0%
	2008	11.3%
	2009	27.1%

Source: U.S. Department of Education

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Professional Business College (PBC) from 6/11/2012 to 6/15/2012. The review was conducted by Lydia Gonzalez and Brenee Johnson.

The focus of the review was to determine PBC'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 PBC'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 2010/2011 and 2011/2012 (year to date) award years. 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, 8 files were selected to test the FSEOG, FWS, and Direct Loan programs. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by PBC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Inadequate Determination of Student Last Date of Attendance at an Academic Related Activity

Citation: Failure to properly document a student's last day of attendance at an institution may result in the institution performing a return of Title IV calculation that could result in

the institution keeping more Title IV funds that is entitled to, thereby creating an increased expense to the Department. For a student who ceases attendance at an institution that is not required to take attendance without providing official notification to the institution, in writing or orally, of his or her intent to withdraw, the withdrawal date is the midpoint of the payment period or the period of enrollment. Additional guidance provided in the 2006/2007 Federal Student Aid Handbook Volume 2 explains that if a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the payment period. 34 C.F.R. § 668.22 (c) (1) (iii)

An institution that is not required to take attendance may use the student's withdrawal date as the student's last date of attendance at an academic related activity provided that the institution documents that the activity is academically related and documents the student's attendance at the activity. 34 C.F.R. § 668.22 (c) (3)

Noncompliance: For the following students, the institution kept 100% of the Title IV funding that was disbursed to the student for the payment period without being able to prove that the students attended past the midpoint of the payment period. PBC was unable to provide proof of the students' last day of attendance at an academic related activity. In addition, there were several instances where the reviewers noted that the records in the student's files gave indication that the students were unofficial withdrawals who left before completing the semester, but the institution retained 100% of the funds because the students returned to the institution after the end of the semester to officially withdraw from the institution.

Student #1– PBC used 11/2/10 as the date of withdrawal for the 2010 summer II semester that started on 7/20/10 and ended on 11/2/10. The student received a grade of F (failed), FR (failing grade for remedial course), and three grades of WU (unofficial withdrawal) in the five courses attempted during the semester. PBC provided a printout of the assignments the student completed for one of the courses taken during the summer semester. However, there were no dates that identified when these assignments were completed, and the institution was unable to provide the reviewers with proof that the student earned the F and FR grades by completion or by default (due to nonattendance).

Student #6- PBC used 8/22/11 as the date of withdrawal for the semester that started 5/5/11 and ended 8/19/11. However, the student's progress as of 6/28/2011 (50% cut-off) noted in the advisor's mid-semester contact form indicates that the student had extremely poor attendance, and had stopped attending classes. Further information noted on the form states that the student had to return to China, and upon her return from China on 8/22/11 was advised to withdraw. PBC must provide proof of attendance at a related academic activity prior to the student leaving to China in order to determine actual last date of attendance because the semester had ended on 8/19/10, prior to the student's

official withdrawal. By completing the R2T4 using 8/22/11 as the withdrawal date, after the end of the semester, allowed PBC to retain 102.8% of the funds which is incorrect.

Student #12 - PBC used 6/2/11 as the date of withdrawal for the 2011 spring II semester that started on 3/17/11 and ended on 7/1/11. The student received grades of W (withdrawal) in all five courses attempted during the semester. PBC provided a printout of the student's progress spreadsheet that shows attendance through the 9th week of class, but there were no dates that identified the student's last day of attendance. The reviewers used a calendar to identify when the 9th weeks should have been completed and determined that the latest date the student could have attended class was 5/12/11, which earned 53.2% of the aid earned. PBC further provided the reviewers with a copy of the teacher's student progress report for the ESL Intermediate Reading course dated 5/13/11 but the form was not signed by the student. The institution's withdrawal date of 6/2/11 yields 72.9%, with the student earning 100% of the aid disbursed for the payment period.

Student #26 – PBC used 1/10/12 as the date of withdrawal which is a date after the end of the 2011 fall I semester. The semester started on 9/14/11 and ended on 1/9/12. The student received a grade of F in two courses and a grade of WU in the three other courses taken for the semester. The institution was unable to provide the reviewers with proof that the student earned the F and FR grades by completion or by default (due to nonattendance).

Required Action: The institution must determine the exact amount of institutional liability associated with this finding. PBC must perform a file review of all Title IV recipients from the 2010-2011 and 2011-2012 award years to identify students who withdrew or stopped attending the institution and received any combination of non-passing grades, and the institution retained 100% of the funds for the semesters in question. In response to this finding, the institution must submit copies of the students' academic transcripts, students' ledgers, R2T4 worksheet, and the results in spreadsheet format with the following information:

1. Student's name
2. Social Security Number
3. Identify the semester(s) for which the student received non-passing grades.
4. Original withdrawal date used
5. Determine the correct withdrawal date by using the date of the student's last academically related activity
6. Original refund amount, if any, by Title IV program
7. Additional refund due, if any, by Title IV program

Additionally, PBC must establish procedures that ensure students who cease attendance at the institution are properly identified and that the correct withdrawal date is used to determine any refunds due the Title IV programs. Since PBC is not required to take

attendance, if the student ceases attendance without providing official notification before the end of the semester to the institution, PBC may use the later of the mid-point of the payment period or the date of the student's last academically-related activity in its Return to Title IV (R2T4) calculation. PBC must submit these procedures to this office in response to this report.

Repayment instructions of liabilities, if any, will be provided in the Final Program Review Determination Letter (FPRD)

Finding 2. Improper Pell Grant Disbursements

Citation: Institutions are required to comply with all statutory and regulatory provisions applicable to the Title IV programs. These provisions include disbursing Pell grant funds only after determining that a student is eligible for the disbursement. 34 C.F.R. §§ 668.31, 668.32

Noncompliance: PBC made an improper Pell grant disbursement to student #3. The student's ledger indicates that a \$2775 Pell grant 2010/2011 payment was posted to the student's account on 8/6/2010. However, the student's academic transcript indicates no enrollment activity during award year 2010/2011. The student's last date of attendance was 3/30/2010. The student had a valid 2009/2010 ISIR but the school's official explanation was that the 2010/2011 award amount was greater than the 2009/2010. The student would have been eligible had the student met the eligibility requirement under the all year round Pell, however, the student failed to continue her education, which was one the eligibility requirements. As a result, the 2010/11 Pell grant disbursed in the amount of \$2775 is considered an ineligible disbursement.

Required Action: PBC must provide a response for the student cited in this finding. PBC must also inform this office of the procedures it has implemented to ensure no reoccurrence of this finding.

Repayment instructions for liabilities, if any, will be included in FPRD.

Finding 3. Student Status-Inaccurate/Untimely Reporting

Citation: An institution shall, unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days; notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct Plus Loan has been made to or on behalf of student who enrolled at that school but has ceased to be enrolled on at least a half-time basis. 34 C.F.R. 685.309 (b) (2) (i)

Noncompliance: The institution failed to report the students' enrollment status in a timely manner to the National Student Loan Data System (NSLDS) for the following students:

Student #	Status	Effective Date	Notification Date
1	Withdrawn	11/2/10	2/23/11
3	Withdrawn	7/1/10	2/22/11
5	Graduated	8/19/11	2/8/12
35	Withdrawn	11/8/11	4/3/12

In addition, the enrollment status effective date was reported incorrectly to NSLDS for student #1. The student withdrew 11/2/10, however, an incorrect withdrawal date of 11/12/10 was reported to NSLDS on 12/21/10.

Failure to report student status within the required timeframe may result in an increase in the incidents of default. Title IV loans that go into default status create increased expense for the Department

Required Response: There are no liabilities associated with this finding; however, the institution is required to make the necessary status corrections for all the students, if required, including the students cited in this finding. The institution is required to have procedures in place to ensure that Student Status Confirmation Reports reflect accurate data and students' change of status are reported in a timely manner. Details of those procedures must be provided with the response to this report.

Finding 4. FFEL 30 Day Delay Delivery Requirement Not Met

Citation: A school may not release the first installment of a Stafford loan for endorsement to a student who is enrolled in the first year of an undergraduate program of study and who has not previously received a Stafford, SLS, Direct Subsidized, or Direct Unsubsidized loan until 30 days after the first day of the student's program of study. - 34 C.F.R. § 682.604 (a) (c) (ii) (5)

Noncompliance: According to student #35's academic transcript, and ledger, she began the Accounting program as a first time student on 7/18/11. PBC improperly disbursed two separate Direct Subsidized loans in the amount of \$871 each on 8/9/11, prior to the student attending at least 30 days per requirement. The student withdrew on 11/8/2011, after completing the semester, so there is no liability associated with this finding because the student attended past the 30 day time-frame.

Required Action: PBC must inform this office of the procedures it has implemented to ensure no reoccurrence of this finding.

Finding 5. Information in Student File Inconsistent/Conflicting

Citation: The ability of an institution to coordinate the information it collects and to resolve discrepancies are critical elements in an evaluation of administrative capability. The regulation requires institutions to develop an adequate system to ensure consistency of information related to a student's application for Federal student aid, regardless of the source of information. The institution is responsible for reconciling all information received. 34 C.F.R. § 668.16 (a), (f)

Noncompliance: The enrollment application dated 7/7/09 for student #9 indicates that she attended high school in China but did not graduate. However, her 2010/2011 ISIR dated 6/25/2010 indicates that she has a high school diploma. When questioned, school official provided the reviewer with a copy of the student's high school equivalent diploma but the diploma is dated August 2011 which indicates that PBC disbursed Title IV funds for award years 2009/10 and 2010/11 totaling \$16,450 in Pell grant, and \$1944 in FWS without the student initially meeting the required basis for admission.

Required Action: PBC must provide a response to address the inconsistencies noted for the student cited in this finding. The institution will be apprised of any action or additional requirements after the review of its response.

PBC must also inform this office of the procedures it has implemented to ensure no reoccurrence of this finding.

Repayment instructions for liabilities, if any, will be included in the FPRD.

Finding 6. Annual Security Report Distribution Requirements Not Met

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions participating in Title IV, HEA financial aid programs prepare a comprehensive annual security report (ASR) that contains, at a minimum, all of the elements described in 34 C.F.R. § 668.46 (b). The ASR must be prepared and distributed as a single document. The only exception to this requirement is that the ASR may cross-reference information regarding the institution's alcohol and other drug abuse prevention programs required by § 120 (a)-(d) of the Higher Education Act. 34 C.F.R. § 668.46 (a)(10).

Federal regulations also require institutions to provide the Annual Security Report (ASR) to all current students and employees through appropriate publications and mailing.

Noncompliance: Interviews with staff members, and students during the program review disclosed that PBC did not have a procedure to distribute its annual security report. The school catalog 2011/2013 indicates that the campus crime reporting and statistics can be located on the college's website. However, the reviewers were unable to locate the information on the college's website.

PBC is reminded that the purpose for publication and dissemination of the annual security report is to enable current and prospective students and staff members to make educated decisions about the safety of the campus and surrounding area. An institution does not fulfill its responsibilities by merely publishing its annual security report. The dissemination of the report to current staff and enrolled students as well as prospective students and employees is imperative.

Required Action: PBC must revise its policies and procedures to include mechanisms to ensure its annual security report is made available to enrolled students, current employees as well as prospective students and prospective employees. Additionally, PBC must ensure that its most recent annual security report is made available to enrolled students and current employees, and it must submit documentation that the most recent report has been distributed to students and employees.

Based on an evaluation of all available information including PBC's response, the Department will determine if additional action will be required and will advise PBC accordingly in the Final Program Review Determination

Finding 7. Excess Cash

Citation: 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(a)

Noncompliance: During the fiscal review testing process, the reviewers noted that in one instance PBC held \$63,127 in excess cash. PBC drew down \$63,127 in 2010/11 Direct Loan funds on 2/23/11 and did not disburse the funds to the students until 4/12/11, 43 days late. Upon questioning, PBC's official explained that this was an isolated instance of non-compliance caused when PBC began processing the Direct Loan program without the assistance of its third party servicer.

Required Action: Since further testing did not disclose any additional instances of non-compliance, no further action is required by PBC. However, the interest liability for the amount held in excess cash will be assessed in the FPRD.

Repayment instructions for interest liabilities will be included in the (FPRD).