



October 31, 2013

Dr. Jerry Ice, President
The Graduate School USA
600 Maryland Ave SW
Washington, DC 20024-2788

UPS Overnight Mail
Tracking #
1ZA879640190796565

Regarding:
Southeastern University
501 I Street SW
Washington, DC 20042-2788

RE: **Final Program Review Determination**
OPEID: **00145600**
PRCN: **201330328241**

Dear Dr. Ice:

The U.S. Department of Education's (Department's) School Participation Division—Philadelphia issued a program review report on May 15, 2013 covering Southeastern University's (SEU) 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). SEU's final response was received on July 11, 2013. A copy of the program review report (and related attachments) and SEU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by SEU 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: identify liabilities resulting from the findings of this program review report, provide instructions for payment of liabilities to the Department and notify the institution of its right to appeal,

The total liabilities due from the institution from this program review are \$339,927.83.

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. The appendix was encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the May 15, 2013 program review report. If The Graduate School wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date The Graduate School receives this FPRD. An original and four copies of the information The Graduate School submits 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

The Graduate School'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 The Graduate School'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 Kenneth Porter at 202-377-4060.

Sincerely,

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

Nancy Paula Gifford
Director
Philadelphia School Participation Division

Enclosure: Protection of Personally Identifiable Information

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.

Prepared for
Southeastern University

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

PROUD SPONSOR of
the AMERICAN MIND™

OPE ID: 00145600
PRCN: 201330328241

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Philadelphia

Final Program Review Determination

October 31, 2013

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A. Institutional Information

Southeastern University
600 Maryland Ave
Washington, DC 20042-2788

Type: Private Nonprofit

Highest Level of Offering: Doctor's Degree

Accrediting Agency: Middle States Commission on Higher Education

Current Student Enrollment:

% of Students Receiving Title IV:

Title IV Participation: 2008-2009

Federal Pell Grant (Pell)

\$831,152.00

Federal Family Education Loan Program (FFELP)

\$4,605,584.00

Total:

\$5,436,736.00

Default Rate DL: 2009 10.4%
 2008 7.9%
 2007 10.9%

B. Scope of Review:

The U.S. Department of Education (the Department) conducted an off-site program review at Southeastern University (SEU) from April 15, 2013 to April 18, 2013. The review was conducted by Mr. Kenneth Porter.

The focus of the review was to determine SEU's liability for Federal Family Education Loans (FFELs) discharged due to SEU's closure on August 09, 2009. The review consisted of an examination of former SEU student records in the National Student Loan Database System (NSLDS). NSLDS data includes applications for discharges filed by students who were unable to complete their programs due to SEU's closure. SEU was acquired by the Graduate School, and it is the Graduate School that responded to the program review report.

Disclaimer:

Often school liabilities continue to accrue following resolution of any close-out audits or program review issues. Neither the Department's issuance of this letter, nor payment by the Graduate School of the liabilities identified in any way waives the Department's right to require payment of liabilities either existing now but unknown to the Department, or accruing in the future.

C. Findings and Final Determinations

Resolved Finding

Finding #2

The Graduate School provided documentation that resolves finding #2 of the program review report. Therefore, this finding may be considered closed. The institution's response concerning this finding is included in Appendix C.

Findings with Final Determinations

The program review report finding that requires further action is summarized below. At the conclusion of this finding is a summary of the Graduate School's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on May 15, 2013 is attached as Appendix B.

Finding #1: Liability for Loan Discharges Due to Institution's Closure

Citation:

The Secretary reimburses the holder of a loan received by a borrower on or after January 1, 1986, and discharges the borrower's obligation with respect to the loan in accordance with the provisions of paragraph (d) of this section, if the borrower (or the student for whom a parent received a PLUS loan) could not complete the program of study for which the loan was intended because the school at which the borrower (or student) was enrolled, closed, or the borrower (or student) withdrew from the school not more than 90 days prior to the date the school closed. This 90-day period may be extended if the Secretary determines that exceptional circumstances related to a school's closing would justify an extension. 34 C.F.R. § 682.402(d)(i).

Furthermore, a school's closure date is the date that the school ceases to provide educational instruction in all programs, as determined by the Secretary. The term "borrower" includes all endorsers on a loan; and a "school" means a school's main campus or any location or branch of the main campus, regardless of whether the school or its location or branch is considered eligible. 34 C.F.R. § 682.402(d)(ii).

Noncompliance Summary:

SEU closed on August 09, 2009. As a result of the closure, some students were not able to complete their program of study. Subsequently, 25 students filed applications for, and received approval of, the discharge of FFEL loans, each student certifying that he or she was unable to complete his or her program of study due to the closure of SEU.

The direct cost to the Department for the closed school loan discharges is \$395,030. SEU is further liable for the imputed interest on the cost of the discharge amounts paid by the Department. Appendix A identifies the students for whom closed school discharges were paid, the date of their payment, and the amount of the payment.

SEU provided a close-out audit and the Department issued a Final Audit Determination (FAD) on May 10, 2012 under ACN 03200910711. However, the FAD did not establish a liability for the discharged FFEL funds.

Required Action Summary:

Instruction for the repayment of any determined liability would be provided in the Final Program Review Determination letter.

The Graduate School's Response Summary:

In its written response dated July 11, 2013, the Graduate School concurred that under its 2009 Settlement Agreement with the Department, "it has a responsibility for repayment of correctly discharged loans." However; the Graduate School did not agree with the "amount owed" in the finding. The Graduate School identified five of the 25 students from the program review report whose loan discharges the Graduate School "questions as inappropriate." The Graduate School provided transcripts and written narratives to explain why it has questions and concerns about the approved closed school discharges for students #1, 5, 7, 8 and 24.

The Graduate School questioned if student #1 should have been granted closed school loan discharges, because "this student took two development classes for her first semester at SEU and then failed the second semester."

The Graduate School questioned if student #5 should have been granted closed school loan discharges because "the student was suspended for 1 year for academic dishonesty on July 27, 2009 and the loan discharge should be subject to additional review."

The Graduate School questioned if student #7 should have been granted closed school loan discharges because "the student graduated from SEU on August 9, 2009."

The Graduate School questioned if student #8 should have been granted closed school loan discharges for all of the loans he received at SEU, because "the student graduated from SEU in June, 2007 with an MS Degree in Computer Science" and at the time of the closure, the student was enrolled in a new program. Thus, the Graduate School believes "that the loans the student had disbursed during the MS program should not have been discharged because that program was completed."

Finally, the Graduate School questioned if student #24 should have been granted closed school loan discharges, because "this student received an enrollment verification for OPM and was issued a transcript because of that outstanding balance."

The Graduate School's response is included as Appendix C.

Final Determination:

The Department reviewed the transcript submitted by the Graduate School and the information reported to NSLDS for student #1 and determined that student #1 was enrolled at SEU and received Title IV loan funds while enrolled at the institution. Therefore, SEU's closure on August 9, 2009 prevented the student from completing her program of study at SEU. Thus, the institution is liable for the closed school loan discharges.

The Department reviewed the transcript submitted by the Graduate School and the information reported to NSLDS for student #5 and determined that student #5 was enrolled at SEU and received Title IV loan funds while enrolled at the institution. In addition, the Department determined the student was suspended from the institution on July 7, 2009 for one year for academic dishonesty; however, the Department has determined that after serving his one year suspension, the student would have been unable to continue his program of study at SEU because of its closure on August 9, 2009. Thus, the institution is liable for the closed school loan discharges.

The Department reviewed the transcripts submitted by the Graduate School and the information reported to NSLDS for student #7 and student #8 and determined that both students #7 and 8 were enrolled at SEU and that both students received Title IV loan funds while enrolled at the institution. In addition, the Department determined that student #7 was awarded an Associate of Art Degree in Child Development and student #8 was awarded a Master of Science Degree in Computer Science from SEU. However, the Department could not find any evidence for either student that SEU reported to NSLDS that the students graduated. The Department has determined that the institution's failure to report to NSLDS that both students graduated resulted in the students receiving closed school loan discharges. Thus, the institution is liable for the closed school loan discharges.

Finally, the Department reviewed the transcript submitted by the Graduate School and the information reported to NSLDS for student #24 and determined that student #24 was enrolled at SEU and received Title IV loan funds while enrolled at the institution. Therefore, SEU's closure on August 9, 2009 prevented the student from completing her program of study at SEU. Thus, the institution is liable for the closed school loan discharges.

In conclusion, the Graduate School is liable for the loans discharged as a result of SEU's closure. Accordingly, the total liability for this finding is \$339,927.83. Appendix A sets forth the identity of the borrowers' whose loans were discharged, identification of the loans discharged, and the total amounts paid by the Secretary for the discharge of each loan.

Instructions for payment are set forth in the Payment Instructions section of this Final Program Review Determination.

D. Summary of Liabilities

Settlement Agreement Escrow Account	Payable to	Amount
Initial Escrow Account Balance		\$100,000.00
Minus: Close-Out Audit Liability	Department	-\$5,639.00
Escrow Account Balance		\$94,361.00

Description of Liability	Payable to	Amount
Total Amount of Closed School Loan Discharges	Department	\$395,030.00
Imputed Interest	Department	\$13,041.83
Total Liability		\$408,071.83
Minus -Escrow Account Balance		-\$94,361.00
Net Due		\$313,710.83

E. Payment Instructions

The Graduate School owes to the Department \$408,071.83. The net amount of \$313,710.83 must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. The Graduate School 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 the Graduate School'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.

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

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. The Graduate School is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contacts the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to the Graduate School'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 6111
Washington, DC 20202-4461

If within 45 days of the date of this letter, the Graduate School 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 the Graduate School from the Federal Government. The Graduate School **may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, the Graduate School 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.

F. Appendices

Appendix A: Student Sample: contain personally identifiable information and will be emailed to the Graduate School 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.

OPE 00145600, Southeastern University	
Number of Students:	25
Number of Loans:	109
Total Disbursed:	\$395,030.00
Imputed Interest:	\$13,041.83
Total Discharge Cost:	\$0.00
Total Loan Discharge Liability:	\$408,071.83