July 16, 2019

The Honorable Betsy DeVos
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Secretary DeVos:

I am writing regarding the Committee’s ongoing inquiry into Dream Center, a recently defunct for-profit higher educational company.¹ Between January 2018 and July 2018, Dream Center executives were aware that the Higher Learning Commission (HLC), one of their accreditors, had revoked the accreditation of two Dream Center-owned schools. That revocation left thousands of students without the expected education and with little chance to recoup their expended tuition.

As outlined in the body of this letter, the actions of Dream Center and the Department of Education’s (Department) execution of its responsibility to protect students raises grave concerns. The Committee has also come across newly-obtained documents that raise questions about whether the Department took steps to allow Dream Center to mislead students and how the Department should have better protected students. The documents reveal that during this period, HLC clearly and consistently indicated to Dream Center that it must notify students enrolled at these institutions of the change in status. Yet, the documents indicate that Dream Center executives knowingly ignored HLC’s requirements and continued to falsely market the institutions as accredited by HLC.

The documents also reveal that Department officials were made aware of Dream Center’s false claims of accreditation, but the Department did not immediately require Dream Center to take corrective action. Instead, the Department informed Dream Center executives that it would work to retroactively accredit the institutions during the period they had lied to students—rewriting history to erase Dream Center’s deceptive marketing practices. The documents further suggest
that Department officials were not forthcoming to Congress and the public about the information they had about Dream Center’s status and practices.

In light of the serious concerns raised by the newly-obtained documents, the Committee is requesting information from the Department regarding its handling of the Dream Center collapse and the accreditation of certain Dream Center schools.

Background

Education Management Corporation (EDMC) was a for-profit holding company that, at its largest, enrolled 158,000 students and reported almost $3 billion in annual revenues at institutions across the country.\(^2\) Approximately 80% of these revenues were federal financial aid.\(^3\) In 2017, EDMC sold these subsidiary institutions of higher education to a non-profit with no experience in higher education—Dream Center.\(^4\)

On November 16, 2017, HLC noticed Dream Center that two Dream Center schools it accredited, the Illinois Institute of Art and Colorado Art Institute, did not demonstrate full compliance with its accreditation requirements.\(^5\) This notice indicated that these two institutions would no longer be accredited by HLC.\(^6\) On January 12, 2018, HLC sent Dream Center a public disclosure notice, requiring Dream Center to inform students “that their courses or degrees are not accredited by HLC and may not be accepted in transfer to other colleges and universities or recognized by prospective employers.”\(^7\) HLC did not accredit any Dream Center institution at any point thereafter.\(^8\)

Documents reveal four major findings.

I. Dream Center executives hid the loss of accreditation from students

The documents obtained by the Committee reveal that HLC repeatedly told Dream Center that “[s]tudents taking classes or graduating during the candidacy period should know that their courses or degrees are not accredited by HLC and may not be accepted in transfer to other colleges and universities or recognized by prospective employers” and therefore “HLC require[d] that the Institutes provide proper advisement and accommodations to students in light of this action” by January 20, 2018.\(^9\) Dream Center did not notify its student body until June 20, 2018.\(^10\) Instead, during this period the accreditation section on the institutions’ website stated: “We remain accredited.”\(^11\) Since, the five months encompassed two enrollment periods, Dream Center’s misrepresentation impacted multiple cohorts of applicants.\(^12\)

Dream Center also did not avail itself of the opportunity to appeal under HLC’s publicly detailed appellate process.\(^13\) Documents obtained by the Committee reveal that the Dream Center executives’ decision not to appeal was strategic. In particular, internal emails indicate that this strategy provided Dream Center, what the executives referred to as “more runway to operate”.\(^14\) This delay came at the expense of students.
The Dream Center executive’s strategy ignored the interest of students. On May 29, 2018, Randall Barton, who is both the Managing Director of the Dream Center Foundation and Co-Chairman of the Board of Managers of Dream Center Education Holdings, emailed a group of executives asking: “why appeal if we are going to close these schools?” Mr. Barton was indicating that an appeal would provide executives no benefit. In fact, if Dream Center appealed, HLC and the Department would scrutinize Dream Center’s misrepresentations. However, for students, a successful appeal would imbue their hard-earned credits with value. In short, the impending closure rendered the result of an appeal moot for the executives, but it increased the urgency for students looking to transfer credits.

Also, on May 31, 2018, Dream Center executives internally circulated a proposed notice of the accreditation issue to students, which read in part:

We are now beginning the process of pursuing an internal appeal with HLC.

We, of course, cannot predict the outcome of the appeal, but we are hopeful that it will be resolved in a favorable manner, and we will keep you closely informed on all developments.

In the body of that email, the Dream Center officials state:

I think that, even if all we do is set up a meeting with the HLC Executive Committee in Chicago to get them to ‘stand down’ to some extent on their position, we are still ‘appealing’ or challenging the HLC position, so sending out the notice now, but later not actually pursuing a full-blown internal appeal would not be inconsistent.

Upon recognizing Dream Center’s pattern of misleading its students, on June 6, 2018 a Dream Center official responsible for admissions sent a resignation letter stating, in part:

The events of the last six months have made it impossible for me to continue my employment. I can no longer continue enrolling students without compromising my ethics and morals. When the admissions department was initially told about our “Change of Status Candidacy” it was presented as a misunderstanding with HLC that would quickly be resolved. Our team was told to “punt” on any questions we received about that status and to change the conversation to a more favorable topic...

My heart breaks for the students who have trusted us so completely... These students have not been given all of the necessary and appropriate information they need to make the best choice for their own futures.

Unfortunately, instead of reassurance, the only actions taken have been to increase our July start goal...

Ultimately, Dream Center executives waited five months and 11 days, until June 20, 2018, to notify students that they had been attending an unaccredited school. Rather than comply with the HLC instructions to provide transparency to students, documents reveal that these executives
negotiated with the Department, which in turn worked “behind the scenes” to solve Dream Center’s accreditation problems.\textsuperscript{22}

II. The Department issued guidance that facilitated Dream Center’s accreditation misrepresentation

Internal emails from July 3, 2018, indicate that Dream Center executives were in discussion with the Department regarding “retro accreditation [sic]...”\textsuperscript{23} In particular, the emails document a phone call between Mr. Barton and Principal Deputy Under Secretary Diane Auer Jones.\textsuperscript{24}

At the time of this call, Department policy prohibited HLC from retroactively accrediting the two institutions in question.\textsuperscript{25} A June 6, 2017 Department guidance document—“The Bound’s Memo”—prevented accrediting agencies from retroactively accrediting institutions more than 30 days after a change in control application.\textsuperscript{26} In order for HLC to retroactively accredit Dream Center, the Department would have needed to rescind and replace the Bound’s Memo.

Other contemporaneous communications indicate that Dream Center officials believed the Department was indeed working to facilitate retroactive accreditation for the Dream Center. On July 11, 2018, Dream Center’s Chief Operating Officer, John Crowley, met with a group of faculty at one of the Art Institutes in question to discuss the institution’s accreditation.\textsuperscript{27} Mr. Crowley mentioned the Department’s efforts to address Dream Center’s situation twice, stating that the Department “went so far as to change a regulation at DOE to make it easy for HLC to help us.”\textsuperscript{28} Later during that conversation, Mr. Crowley states that accreditation, if restored, would be retroactive\textsuperscript{29} because “the DOE changed their regulation over here to open the door to letting it happen.”\textsuperscript{30} Mr. Crowley further stated in the correspondence:

“We have talked to Carol, I mean uh Diane Jones, who is the Undersecretary of Education who pulled them all together, all the accrediting bodies, all six, there are six in the country and said work with these guys. The last, we had a conversation with her on Thursday last week, she said everybody was going to be accommodating.”\textsuperscript{31}

On July 25, 2018, Undersecretary Jones issued a guidance document reversing the policy of the Bounds Memo. Undersecretary Jones’s guidance states: “The Department will now permit [accrediting] agencies to establish a retroactive accreditation date.”\textsuperscript{32} Based on the timing of Mr. Crowley’s comments, Dream Center had been made aware weeks ahead of the Department’s official change in policy, a change Department officials would later suggest had “nothing to do with Dream Center.”

III. The Department released funding to Dream Center executives at taxpayer expense

Documents show that on October 15, 2018, Dream Center executives developed a “DoE Ask List”\textsuperscript{33} that they presented to Undersecretary Jones on or around October 30, 2018.\textsuperscript{34} In internal Dream Center communications, Dream Center executives indicated hesitation about circulating this list, raising questions about whether it would create a “paper trail,”\textsuperscript{35} and suggesting that “to
avoid increased scrutiny” when sending this ask list to Undersecretary Jones, certain officials should “not be mentioned or included on the email.”

Dream Center’s primary request was for the Department to release $75 million it held in an escrow account. In 2015, the Department required Dream Center’s predecessor to post those funds, to shield taxpayer funds from liability if the institution abruptly closed. Under your leadership, the Department had already released roughly half of these funds back to private investors.

Dream Center’s document indicated that it would use these funds on expenses Dream Center would incur when closing 32 of its institutions. However, Dream Center officials internally communicated about coordinating with A. Wayne Johnson—prior Chief Operating Officer of the Office of Federal Student Aid and current Chief Strategy and Transformation Officer at the Department—to use these funds to pay bonuses out to Dream Center executives at the end of the teach out. This raises the concern that the Department re-routed funds meant to insulate taxpayers from liability so that Dream Center could pay bonuses to executives responsible for misleading students and mismanaging institutions.

IV. Documents raise questions about the Department’s statements about Dream Center to Congress and the public

The July 3, 2018 correspondence between Dream Center and Undersecretary Jones raises questions about recent representations made by Undersecretary Jones to the Senate that she first learned about Dream Center accreditation problems on July 10, 2018. More importantly however, the Barton email on July 3, 2018, in addition to Mr. Crowley’s July 11, 2018 discussion with faculty, indicate that the Department worked to ensure retroactive accreditation of the Dream Center institutions, a fact that Undersecretary Jones has repeatedly denied in response to congressional and media inquiries.

While testifying before the House Committee on Oversight and Reform, Rep. Donna Shalala asked Undersecretary Jones whether her issuance of the guidance allowing retroactive accreditation was tailored to assist Dream Center. The Undersecretary replied “Absolutely not. It had nothing to do with the Dream Center.” Though Undersecretary Jones claims that the Department’s guidance reversal had nothing to do with Dream Center, the documents and recordings from July 2018 indicate that the Department made the policy change “to make it easy” for the accreditor to help Dream Center.

Finally, when responding to Sen. Durbin’s questions for the record about the HLC accreditation dispute, the Department indicated that Undersecretary Jones “held bi-weekly calls with accreditors (excluding ACICS) to share information and hold DCEH accountable for providing information or taking actions requested by accreditors” and that “these calls were not to intervene on DCEH’s behalf.” Further, the Department echoed Dream Center executives by stating that “the Department believed then, and continues to believe, that these campuses were in accredited status until their date of closure.” Undersecretary Jones reaffirmed this position while testifying in front of the Committee on Oversight and Reform.
Conclusion

As you can see, the information referenced from the documents obtained by the Committee raise questions about the extent to which the Department met its responsibility to protect student interests amid the collapse of Dream Center, and whether the Department has been forthcoming with Congress and the public about its conduct. We therefore request that the Department schedule with the Committee by July 30, 2019 transcribed interviews with the following Department officials:

1) Principal Deputy Undersecretary Diane Auer Jones
2) Dr. A. Wayne Johnson - Chief Strategy and Transformation Officer
3) Michael Frola – Director of the Multi-Regional and Foreign Schools Participation Division
4) Donna Mangold – Acting Deputy Assistant General Counsel

Further, we request the Department provide the Committee the following information by July 30, 2019:

All emails and text messages, internal and external, to or from Principal Deputy Undersecretary Diane Auer Jones, Dr. A. Wayne Johnson, Robert Eitel, Lee Simmons, Barry Bennett, Michael Frola, Donna Mangold, Ron Bennett, and Robin Minor that relate to:

1. Dream Center Education Holdings or “DCEH”;
2. Education Management Corporation or “EDMC”;
3. Education Corporation of America or “ECA”;
4. Argosy University;
5. Education Principle Foundation or “EPF”;
6. Studio Enterprise;

Sincerely,

[Signature]

ROBERT C. “BOBBY” SCOTT
Chairman
Dream Center is organized as a non-profit entity for tax purposes; however, the Department never approved it to operate as a non-profit. Importantly, Dream Center’s board of trustees and investors profit through a series of contracts for services with for-profit companies owned by these board members and investors.


2 Id at 33.

3 Dream Center Foundation created a holding company—Dream Center Education Holdings—to insulate Dream Center Foundation from some liability and facilitate control over the institutions. Specifically, the Argosy University and South University systems and some campuses under the Art Institute chain.

4 Exhibit 1, Higher Learning Commission, Notification of Pre-approval Subject to Change of Control Candidacy Status, pp. 5-6 (Nov. 16, 2017).

5 Id.

6 Id.


10 Complaint at 14, Dunagan v. Dream Ctr., (N.D. Ill.) (1:19-cv-00809).

11 Perrelli, Thomas Settlement Administrator, Third Annual Report of the Settlement Administrator Under the Consent Judgments with Education Management Corporation (EDMC) as Succeeded by Dream Center Education Holdings, p. 44 (Sept. 30, 2018). Additionally, according to court filings, a Dream Center executive met with students on July 11, 2018 and again falsely indicated that the schools were accredited. Complaint at 16, Dunagan v. Dream Ctr., (N.D. Ill.) (1:19-cv-00809). (“At one meeting, a student asked why DCEH did not tell students for over two quarters about the loss of accreditation. Mr. Crowley responded that HLC “put us into what we call candidacy status, which means you’re still accredited.”)

12 Settlement Administrator Report at p. 44.


15 Exhibit 8, Dream Center Foundation Form 990 (2016).


17 Mr. Barton is both the Managing Director of the Dream Center Foundation and Co-Chairman of the Board of Managers of Dream Center Education Holdings. See Exhibit 7.

18 Exhibit 9, Holt, Ronald, HLC Schools Proposed Student Notice (May 31, 2018).

19 The complete letter is attached with redactions to preserve confidentiality as Exhibit 10. See Exhibit 10, Redacted, My Feedback (June 1, 2018)

20 “Start goal” references the number of students admissions officials target to enroll.

21 Complaint at 14, Dunagan v. Dream Ctr., (N.D. Ill.) (1:19-cv-00809).

22 Exhibit 11, Murphy, Shelly, Re: DOE Correspondence (Aug. 3, 2018).

23 Exhibit 12, Barton, Randall, Re HLC - Any News (July 3, 2018).

24 Id.


26 Id.


28 Audio recording: Meeting between John Crowley, Chief Operating Officer, Dream Center, and Faculty of the Illinois Art Institute, at minute 1 (July 11, 2018) [hereinafter Crowley Recording] (on file with author).

29 Id. at minute 13.
30 Id. at minute 14.
31 Id. at minute 29. It is noteworthy that Undersecretary Jones indicated in questions for the record submitted to Sen. Durbin that "only two meetings between Department personnel and DCEH representatives occurred in regard to DCEH and the impending closures of many of its campuses"—one on June 14, 2018 and the other on July 18, 2018." Undersecretary Jones failed to mention this meeting in her response. See Exhibit 14, U.S. Dept. of Education Responses to Sen. Durbin Questions for the Record (May 28, 2019); see also Exhibit 15, Assistant Secretary Peter Oppenheim, responding on behalf of Principal Deputy Under Secretary Diane Auer Jones, Letter to Sen. Durbin (Dec. 4, 2018).
33 See Exhibit 17, Crowley, John, DoE Ask List _ October 15, 2018 (v2) copy.docx (Oct. 15, 2018); see also Exhibit 18, Crowley, John, DoE Ask List _ October 15, 2018 (v2) copy.docx - Attachment (Oct. 15, 2018).
34 See Exhibit 19, Barton, Randall, Fwd: Communication with DOE (Nov. 3, 2018).
35 Exhibit 17, Crowley, John, DoE Ask List _ October 15, 2018 (v2) copy.docx (Oct. 15, 2018).
36 Exhibit 19, Barton, Randall, Fwd: Communication with DOE (Nov. 3, 2018).
37 Exhibit 20, Cariello, Dennis, I’m seeing Wayne tomorrow (Oct. 22, 2018).
38 On April 4, 2019 Sen. Durbin submitted a question for the record asking Undersecretary Jones to “describe… any requests made by [Dream Center] of the Department related to its HLC accreditation status, including any request for guidance or Department intervention with HLC.” In part, Undersecretary Jones responded that July 10, 2018 “was the first time Undersecretary Jones had seen any reference to [candidate status] being a non-accredited status.” Exhibit 14, Review of the FY2020 Budget Request for the U.S. Department of Education: Hearing before the Subcomm. on Labor, Health and Human Services, Education, and Related Agencies of the S. Comm. on Appropriations, 116th Cong. (2019) (questions for the record sent on Apr. 4, 2019).
40 Exhibit 12, Barton, Randall, Re HLC - Any News (July 3, 2018); Crowley Recording at minute 29.
Exhibit 1

Date Transmitted: Nov. 16, 2017

From: Higher Learning Commission

Subject: Pre-approval Notice
November 16, 2017

VIA ELECTRONIC MAIL

Elden Monday, Interim President
The Art Institute of Colorado
1200 Lincoln St.
Denver, CO 80203

Josh Pond, President
Illinois Institute of Art
350 N. Orleans St.
Suite 136
Chicago, IL 60654

Brent Richardson
Chief Executive Officer
Dream Center Education Holdings, LLC
7135 East Camelback Road
Phoenix, AZ 85251

Dear President Monday, President Pond, and Mr. Richardson:

This letter is formal notification of action taken by the Higher Learning Commission (“HLC” or “the Commission”) Board of Trustees (“the Board”) concerning Illinois Institute of Art (“IIA”) and the Art Institute of Colorado (“AIC”) (“the Institutes” or “the institutions,” collectively). During its meeting on November 2-3, 2017, the Board voted to approve the application for Change of Control, Structure, or Organization wherein the Dream Center Foundation (“DCF”), through Dream Center Education Holdings LLC (“DCEH” or “the buyers”) and related intermediaries, acquires certain assets currently held by Education Management Corporation (“EDMC”), including the assets of the Institutes; however, this approval is subject to the requirement of Change of Control Candidacy Status. The requirements of Change of Control Candidacy Status are outlined below. In taking this action, the Board considered materials submitted to the Commission including: the Change of Control, Structure or Organization application, the Summary Report and its attachments, the additional information provided by the Institutes throughout the review process, and the Institutes’ responses to the Summary Report.

As noted under policy, the Commission considers five factors in determining whether to approve a requested Change of Control, Structure, or Organization. It is the applying institution’s burden, in its request and submission of related information, to demonstrate with clear and convincing evidence that the transaction meets these five factors and to resolve any concerns or ambiguities regarding the transaction and its impact on the institution and its ability to meet Commission
requirements. The Board found that the Institutes did not demonstrate that the five approval factors were met without issue, as outlined in its findings below, but found that the Institutes demonstrated sufficient compliance with the Eligibility Requirements to be considered for pre-accreditation status identified as ‘‘Change of Control Candidate for Accreditation,’’ during which time each Institute can rebuild its full compliance with all the Eligibility Requirements and Criteria for Accreditation and can develop evidence that each Institute is likely to be operationally and academically successful in the future.

The conditions set forth by the Board in its approval of the application subject to Change of Control Candidate for Accreditation are as follows:

The institutions undergo a period of candidacy known as a Change of Control Candidacy that is effective as of the date of the close of the transaction; the period of candidacy may be as short as six months but shall not exceed the maximum period of four years for candidacy.

The institutions submit an interim report every 90 days following the date of the consummation of the transaction until their next comprehensive evaluations on the following topics:

- Current term enrollment at the institutions. This should include the number of full- and part-time students, as well as comparisons to planned enrollment numbers. The institutions should also provide revised enrollment projections based on enrollments at the time of submission;
- Quarterly financials, to include a balance sheet and cash flow statement for DCF, DCEH and each institution, as a means to ensure adequate operating resources at each entity and at the institutions;
- Information regarding any complaints received by DCF, DCEH or any of the institutions;
- Information regarding any governmental investigation, enforcement actions, settlements, etc. involving DCF, DCEH, its related service provider Dream Center Education Management, (“DCEM”), or any of the institutions;
- Information regarding any stockholder, student, or consumer protection litigation, settlement, judgment, etc. involving DCF, DCEH, DCEM or any of the institutions;
- Information regarding reductions in faculty and/or staff at any of the institutions;
- Updated student retention and completion measures for each of the institutions;
- Copies of any information sent to the U.S. Department of Education (“USDE”), including any information sent in response to the USDE’s September 11, 2017 letter (or any updates to that letter); and
- An update on the activities and findings of the Settlement Administrator through 2018, and on findings from audit processes conducted by an independent third-party entity acceptable to HLC subsequently implemented after the conclusion of the work of the Settlement Administrator.

The institutions submit separate Eligibility Filings no later than February 1, 2018, providing detailed documentation that each institution meets the Eligibility Requirements
and Assumed Practices, as well as a highly detailed plan with timelines, action steps, and personnel assignments to remedy issues related to Core Components 1.D, regarding commitment to the public good; 2.A, regarding integrity and ethical behavior; 2.B, regarding public disclosure and transparency; 2.C, regarding the autonomy of board governance; 4.A, regarding improving program outcomes; 5.A, regarding financial resources; and 5.C, regarding planning, with specific focus on enrollment and financial planning. The outcome of this process shall be reported to the HLC Board of Trustees at its spring 2018 meeting.

The institutions host a visit within six months of the transaction date, as required by HLC policy and federal regulation, focused on ascertaining the appropriateness of the approval and the institutions’ compliance with any commitments made in the Change of Control application and with the Eligibility Requirements and the Criteria for Accreditation, with specific focus on Core Component 2.C, as it relates to the institutions incorporating in the state of Arizona, and Eligibility Requirements #3, 4, 5, 6, 7, 8, 9, 13, 14, 16 and 18.

The institutions host a focused visit no later than June 2019, to include a visit to the Dream Center Foundation and Dream Center Education Holdings, on the following topics:

- **Core Component 1.D:**
  - The institutions should provide evidence that the missions of the institutions demonstrate a commitment to public good. Specifically, that the institutions’ operations align to the pursuit of the stated missions in terms of recruiting, marketing, advertising, and retention.

- **Core Component 2.A:**
  - The institutions should demonstrate that they possess effective policies and procedures for assuring integrity and transparency.
  - DCEH and the institutions should provide evidence that the parent company and the institutions are continuing to perform voluntarily the obligations of the Consent Agreement, as assured by DCEH to the Higher Learning Commission in writing.

- **Core Component 2.B:**
  - DCEH and the institutions must demonstrate that policies and procedures following the Consent Judgment have been fully implemented and are effective in ensuring the proper training and oversight of personnel.

- **Core Component 2.C:**
  - Evidence that the DCF, DCEH, DCEM and the Art Institutes organizations, as well as related corporations, demonstrate that they have organizational documents and have engaged in a pattern of behavior that indicates the respective boards of the institutions have been able to engage in appropriately autonomous oversight of their institutions.

- **Core Component 4.A:**
  - Evidence that the institutions have engaged in effective planning processes to address programs that have failed the USDE’s gainful employment requirements (when those requirements were still applicable), as well as those that are “in the zone.” The institutions should also provide any plans that have been implemented to improve program outcomes.
• Core Component 5.A:
  o Evidence that the institutions have increased enrollments to the levels set forth in the application for Change of Control, Structure, or Organization. This should include any revised budgetary projections and evidence of when the institutions intend to achieve balanced budgets.

• Core Component 5.C:
  o The institutions should provide any revised plans or projections that occur following consummation of the transaction.

If at the time of the second focused evaluation, the institutions are able to demonstrate to the satisfaction of the Board that they meet the Eligibility Requirements, Criteria for Accreditation and Assumed Practices without concerns, the Board shall reinstate accreditation and place the institutions on the Standard Pathway and identify the date of the next comprehensive evaluation, which shall be in no more than five years from the date of this action.

The Board will receive and review the Eligibility Filing, related staff comments, and the report of the first focused visit team to determine whether to continue the Change of Control Candidacy status. If the Eligibility Filing and focused evaluation does not provide clear, convincing and complete evidence of each institution meeting each Eligibility Requirement and of making substantial progress towards meeting the Criteria for Accreditation in the maximum period allotted for such Change of Control Candidacy as indicated in this letter, the Board may withdraw Change of Control Candidate for Accreditation status at its June 2018 meeting.

The Board provided the Institutes and the buyers with fourteen days from the date of receipt of this action letter to accept these conditions in writing. If the institutions and the buyers do not accept these conditions in writing within fourteen days, the approval of the Board will become null and void, and the institutions will need to submit a new application for Change of Control, Structure, or Organization if they choose to proceed with this transaction or another transaction in the future. In that event, the Institutes will remain accredited institutions. However, if the Institutes proceed with the Change of Control, Structure or Organization without Commission approval, the Commission Board of Trustees has the authority to withdraw accreditation.

Assuming acceptance of these conditions, the Institutes and buyers must provide written notice of the closing date within 24 hours after the transaction has closed. The Institutes are also obligated to notify the Commission prior to closing if any of the material terms of this transaction have changed or appear likely to change. By Commission policy the closing must take place within no more than thirty days from the date of the Board’s approval. If there is any delay such that the transaction cannot close within this time frame, the Institutes must notify the Commission as soon as possible so alternate arrangements can be identified to ensure that the Board’s approval remains in effect.

The Board based its action on the following findings made in regard to the Institutes:

In reference to the first, second, and fourth approval factors and, related to the continuity of the institutions accredited by the Commission and sufficiency of financial support for
the transaction, the institutions and the buyers have provided reasonable evidence that these factors have been met.

In reference to the third approval factor, the substantial likelihood that following consummation of the transaction the institutions will meet the Commission’s Criteria for Accreditation, with specific reference to governance, mission, programs, disclosures, administration, policies and procedures, finances, and integrity, the institutions and the buyers have provided reasonable evidence that this factor is met, although the following Criteria for Accreditation are Met with Concerns:

- **Criterion One, Core Component 1.D:** “The institution’s mission demonstrates commitment to the public good,” for the following reasons:
  - Neither institution has demonstrated evidence that its underlying operations, in addition to its tax status, will be transformed to reflect a non-profit mission;
  - Neither institution has demonstrated significant planning required to undertake a mission that includes the responsibility of educating a potentially very different student population represented by the Dream Center clientele; and
  - The buyers have not provided evidence that the institutions’ educational purposes will take primacy over contributing to a related or parent organization, which will be struggling in its initial years to improve the enrollment and financial wherewithal of a large number of institutions purchased from EDMC.

- **Criterion Two, Core Component 2.A:** “The institution operates with integrity in its financial, academic, personnel, and auxiliary functions; it establishes and follows policies and processes for fair and ethical behavior on the part of its governing board, administration, faculty, and staff,” for the following reason:
  - Although each institution is making changes to procedures specifically identified in the November 2015 Consent Judgment, neither institution has yet established a long-term track record of integrity in its auxiliary functions.

- **Criterion Two, Core Component 2.B:** “The institution presents itself clearly and completely to its students and to the public with regard to its programs, requirements, faculty and staff, costs to students, control, and accreditation relationships,” for the following reasons:
  - Changes being made by the institutions to ensure transparency, particularly with students, are recent in nature and have yet to fully penetrate the complex organizational structure of which the institutions are a part; and
  - Given the replication of that operational structure and the continuity of personnel following the transaction, the potential for continuing challenges is of concern.

- **Criterion Two, Core Component 2.C:** “The governing board of the institution is sufficiently autonomous to make decisions in the best interest of the institution and to assure its integrity,” for the following reasons:
  - There remain questions about how the governance of DCEH, its related service provider Dream Center Education Management, and the Art Institutes will take place after the transaction and how that governance will affect the governance of the AIC and IIA, and the mere replication of the EDMC corporate structure with new non-profit corporations does not resolve the
question of how these new corporations will function in the future to assure autonomy and governance in the best interest of the institutions;

- An apparent conflict of interest exists owing to an investment by the DCEH CEO of 10% in the purchase price for which limited documentation exists; and
- No evidence was provided indicating that either institution’s board had yet engaged in significant consideration of the role that typifies non-profit boards.

- Criterion Four, Core Component 4.A: “The institution demonstrates responsibility for the quality of its educational programs,” for the following reasons:
  - Neither institution has demonstrated that improvements have been made to academic programs identified since January 2017 by the USDE as having poor outcomes, or that such programs have been eliminated; and
  - The risk of harm to students admitted to such programs absent such improvement or elimination is of concern, regardless of the institutions’ tax-status or whether they are subject to gainful employment regulations.

- Criterion Five, Core Component 5.A: “The institution’s resource base supports its current educational programs and its plans for maintaining and strengthening their quality in the future,” for the following reasons:
  - Despite the adoption of certain cost-reducing and related measures, the impact of which are yet to be determined, the ability of each institution to sustain its resource base and improve enrollment beyond 2019 depends on the occurrence of several contingencies, most of which are assumptions tied to the institutions’ change in tax status, and none of which are guaranteed;
  - The ability of the buyers to provide the cash flow infusions necessary to sustain the institutions over the next five years are also linked to assumptions related to the institutions’ change in tax status and the long-term debt taken on by DCEH and DCF in addition to the debt acquired for the purchase price; and
  - Although the buyers are expected to have $35 million in cash at closing (based on debt as noted above), these funds are intended to support multiple transactions within Argosy University, South University and the Art Institutes, and the potential need for and access to additional debt financing on the part of the buyers is of concern.

- Criterion Five, Core Component 5.C: “The institution engages in systematic and integrated planning,” for the following reasons:
  - Neither institution has demonstrated that the impacts of the transaction have been accounted for in their strategic planning; and
  - IIA’s strategic planning process is still in the process of maturing.

In reference to the fifth approval factor, the experience of the buyers, administration, and board with higher education, the officers (CEO and CDO) of the buyers have some experience in higher education but do not have any experience as chief officers of a large system of non-profit institutions or with the specific challenges pertinent to EDMC institutions, including challenges related to marketing and recruitment policies, governance, administration, and student outcomes across institutions with many campuses and programs operating across the United States.
The Board action, if the conditions are accepted by the Institutes and the buyers, resulted in changes to the affiliation of the Institutes. These changes will be reflected on the Institutional Status and Requirements Report. Some of the information on that document, such as the dates of the last and next comprehensive evaluation visits, will be posted to the HLC website.

Commission policy COMM.A.10.010, Commission Public Notices and Statements, requires that HLC prepare a summary of actions to be sent to appropriate state and federal agencies and accrediting associations and published on its website within thirty days of any action. The summary will include HLC Board action regarding the Institutes. The Commission will also simultaneously inform the U.S. Department of Education of this action by copy of this letter. As further explained in policy, HLC may publish a Public Statement regarding this action and the transaction following the institutions’ and the buyer’s decision of whether to accept the conditions outlined above. Please note that any public announcement by the buyers about this action must include the information that any approval provided by the Commission is subject to the condition of the buyers accepting Change of Control candidacy for not less than six months up to a maximum of four years.

On behalf of the Board of Trustees, I thank you and your associates for your cooperation. If you have questions about any of the information in this letter, please contact Dr. Anthea Sweeney.

Sincerely,

Barbara Gellman-Danley  
President

cc: Chair of the Board of Trustees, Illinois Institute of Art  
Chair of the Board of Trustees, Art Institute of Colorado  
Deann Grossi, Director of Institutional Effectiveness, Illinois Institute of Art  
Ben Yohe, Director of General Education, the Art Institute of Colorado  
Diane Duffy, Interim Executive Director, Colorado Department of Higher Education  
Stephanie Bernoteit, Senior Associate Director, Academic Affairs, Illinois Board of Higher Education  
Evaluation team members  
Anthea Sweeney, Vice President for Accreditation Relations, Higher Learning Commission  
Karen Peterson Solinski, Vice President for Legal and Governmental Affairs, Higher Learning Commission  
Michael Frola, Division Director, Multi-Regional and Foreign Schools Participation Division, U.S. Department of Education  
Herman Bounds, Director, Accreditation Group, U.S. Department of Education
Exhibit 2

Date Transmitted: Jan. 12, 2018

From: Higher Learning Commission

Subject: Public Disclosure Notice
Public Disclosure:
Illinois Institute of Art and
Art Institute of Colorado
From “Accredited” to “Candidate”
Effective: January 20, 2018

The Illinois Institute of Art located in Chicago, Illinois, and the Art Institute of Colorado located in Denver, Colorado, have transitioned to being a candidate for accreditation after previously being accredited. The Higher Learning Commission Board of Trustees voted to impose “Change of Control-Candidacy” on the Institutes as of the January 20 close of their sale by Education Management Corp. to the Dream Center Foundation through Dream Center Education Holdings.

This new status also applies to the Illinois Institute of Art campus in Schaumburg and its Art Institute of Michigan campus in Novi, Michigan.

In spring 2017 EDMC requested approval of a Change of Control seeking the extension of the accreditation of these institutions after their proposed sale to the Dream Center Foundation. During its review process of the Change of Control, HLC evaluated the potential for the institutions to continue to ensure a quality education to students after the change of ownership took place. The period of Change of Control-Candidacy status lasts from a minimum of six months to a maximum of four years. During candidacy status, an institution is not accredited but holds a recognized status with HLC indicating the institution meets the standards for candidacy.

What This Means for Students
Students taking classes or graduating during the candidacy period should know that their courses or degrees are not accredited by HLC and may not be accepted in transfer to other colleges and universities or recognized by prospective employers. Institute courses completed and degrees earning prior to this January 20, 2018, change of status remain accredited. In most cases, other institutions of higher education will accept those credits in transfer or for admission to a higher degree program as they were earned during an HLC accreditation period.

All colleges and universities define their own transfer and admission policies. Students should contact any institution they plan to attend in the future so they are knowledgeable about the admission and transfer policies for that institution.

Next Steps
HLC requires that the Institutes provide proper advisement and accommodations to students in light of this action, which may include, if necessary, assisting students with financial accommodations or transfer arrangements if requested.
Dream Center Education Holdings and Dream Center Foundation are required to submit a report to HLC every 90 days detailing quarterly financials to assess adequate operating resources at each entity and both Institutes.

The Institutes will each submit Eligibility Filings no later than March 1, 2018 providing documentation that each institution meets the HLC Eligibility Requirements and Assumed Practices. The Institutes will also host a campus visit within six months of the transaction date as required by HLC policy and regulation. The HLC Board will consider reinstatement of Accredited status at a future meeting.

About the Higher Learning Commission
The Higher Learning Commission accredits approximately 1,000 colleges and universities that have a home base in one of 19 states that stretch from West Virginia to Arizona. HLC is a private, nonprofit accrediting agency. It is recognized by the U.S. Department of Education and the Council for Higher Education Accreditation. Questions? Contact info@hlcommission.org or call 312.263.0456.
Exhibit 3

Date Transmitted: June 28, 2019

From: Higher Learning Commission

Subject: Response to Committee Questions
When the two Art Institutes accepted the Commission’s November 2017 conditional approval of the change of control request (which the schools accepted in a signed letter dated January 4, 2018), they agreed they would automatically assume “candidacy status” on the date the DCEH transaction closed. An institution in candidacy status is not accredited. The two Art Institutes remained in candidacy status at all times after January 2018 until their closure.

Will respond as promptly as possible, particularly to question 2

My afternoon is rapidly filling up and I think I'll be in meetings for a bit. Can you email me a response instead?

1. Once HLC put the DCEH schools in candidate status they were not accredited by HLC, and remained not accredited by HLC through closure, correct?

2. Thanks,
Exhibit 4

Date Transmitted: Feb. 7, 2018

From: Higher Learning Commission

Subject: Revised Public Disclosure Notice
Public Disclosure:
Illinois Institute of Art and
Art Institute of Colorado
From “Accredited” to “Candidate”
Effective: January 20, 2018

The Illinois Institute of Art located in Chicago, Illinois, and the Art Institute of Colorado located in Denver, Colorado, have transitioned to being a candidate for accreditation after previously being accredited. The Higher Learning Commission Board of Trustees voted to impose “Change of Control-Candidacy” on the Institutes as of the January 20 close of their sale by Education Management Corp. to the Dream Center Foundation through Dream Center Education Holdings.

This new status also applies to the Illinois Institute of Art campus in Schaumburg and its Art Institute of Michigan campus in Novi, Michigan.

In spring 2017 EDMC requested approval of a Change of Control seeking the extension of the accreditation of these institutions after their proposed sale to the Dream Center Foundation. During its review process of the Change of Control, HLC evaluated the potential for the institutions to continue to ensure a quality education to students after the change of ownership took place. The period of Change of Control-Candidacy status lasts from a minimum of six months to a maximum of four years. During candidacy status, an institution is not accredited but holds a recognized status with HLC indicating the institution meets the standards for candidacy. The institution remains eligible to become accredited again as noted below under Next Steps.

What This Means for Students
Students taking classes or graduating during the candidacy period should know that their courses or degrees are not accredited by HLC and may not be accepted in transfer to other colleges and universities or recognized by prospective employers. Institute courses completed and degrees earning prior to this January 20, 2018, change of status remain accredited. In most cases, other institutions of higher education will accept those credits in transfer or for admission to a higher degree program as they were earned during an HLC accreditation period.

All colleges and universities define their own transfer and admission policies. Students should contact any institution they plan to attend in the future so they are knowledgeable about the admission and transfer policies for that institution.

Next Steps
HLC requires that the Institutes provide proper advisement and accommodations to students in light of this action, which may include, if necessary, assisting students with financial accommodations or transfer arrangements if requested.
Dream Center Education Holdings and Dream Center Foundation are required to submit a report to HLC every 90 days detailing quarterly financials to assess adequate operating resources at each entity and both Institutes.

The Institutes will undergo a campus visit within six months of the transaction closing, as required by policy and federal regulation, and a second visit by June 2019. If at the time of the visits, the Institutes demonstrate compliance with HLC standards, accreditation may be reinstated by the HLC Board.

About the Higher Learning Commission
The Higher Learning Commission accredits approximately 1,000 colleges and universities that have a home base in one of 19 states that stretch from West Virginia to Arizona. HLC is a private, nonprofit accrediting agency. It is recognized by the U.S. Department of Education and the Council for Higher Education Accreditation. Questions? Contact info@hlcommission.org or call 312.263.0456.
Exhibit 5

Date Transmitted: Aug. 2, 2018

From: Principal Deputy Under Secretary Diane Auer Jones

Subject: Email to Shelly Murphy re: Accreditation Compliance Information
From: Jones, Diane  
Sent: Thursday, April 18, 2019 7:34 PM  
To:  
Subject: FW: list  
Attachments: Updates 7.18.18.docx

From: Jones, Diane  
Sent: Thursday, August 2, 2018 11:46 PM  
To: Murphy, Shelly M. <[redacted]@dcedh.org>  
Subject: list

Hi Shelly,
I'm sorry for giving you the wrong list. Here is the correct one.
Diane

Diane Auer Jones  
Principal Deputy Under Secretary  
Delegated to Perform the Duties of Under Secretary  
U.S. Department of Education  
400 Maryland Ave, SW  
Washington, DC 20202

[Redacted]
• Accreditors need to be hearing from the presidents and board chairs of each educational group as well as from campus leaders. Accreditors want to hear from campus leaders, not corporate entities, and they want to hear from leaders of the institutional boards.
• DCHC must be forthcoming and honest with accreditors. This is critical.
• DCHC and the institutions must provide students with accurate information about each institution’s accreditation status. Institutions that are candidates for accreditation must be clear with students candidacy status does not guarantee that the institution will be accredited, and that if the campus becomes accredited, the campus does not know whether or not that accreditation will be restored retroactively to the change of control. Note that HLC’s policy for retroactive accreditation is limited to 30 days prior to the board’s decision. Campus and organizational leaders may not comment on the likelihood of gaining accreditation. Campus leaders must inform students that in the event the institution does not gain accreditation status, other campuses are still permitted by their accreditors to accept these credits in transfer, but the teaching-out campus cannot guarantee that an institution will do so. Campus leaders must be working with other institutions to try to negotiate transfer agreements with institutions that agree to accept credits awarded subsequent to the change of control, while the institution was a candidate for accreditation but was not accredited. It is critical that the HLC campuses have well-developed contingency plans in the event that HLC does not accredit one or more of those campuses.
• Campus leaders, faculty and staff must have all of the information about the planned teach-out: the timeline, the date of closure, the funding that will be available to the school to complete the teach-out, who/how student records will be maintained after closure, what retention incentives are in place to retain faculty and staff, continuing student services, and ultimately the physical closure of the campus including disposal/distribution of furniture, books, supplies, etc.
• Accreditors need a complete list of campus leaders, key faculty members (program directors, department chairs, etc.), and members of each institution’s BOD. These lists must be updated when personnel changes occur, which includes notifying the accreditor if and when presidents and chief academic officers leave the institution, and providing the name and credentials of the individual acting in those roles while a permanent replacement is identified. Individuals who are acting in campus leadership roles must understand the responsibilities of their new role, and ideally should be partnered with a leader at a continuing campus who can provide mentorship.
• Students must be provided with the link to FSA’s website about school closures, and must be made aware of their opportunity to apply for a closed school loan discharge.
• Institutions must provide accreditors with the names of teach-out partner institutions and provide copies of formal teach-out agreements.
• Institutions must provide accreditors with names of partners for articulation agreements and with copies of those agreements.
• Institutions must be working with other institutions in their local area to assist students who wish to transfer. This includes holding transfer fairs on the closing campus, providing students with a list of comparable programs at local institutions, and working with leaders at those campuses to be sure that student credits are accepted in transfer. This includes working with local institutions to encourage them to accept credits from a campus that has candidacy status. Accreditors do not prevent institutions from accepting credits from an institution that has lost accreditation or is a candidate for accreditation.

• If the Pittsburgh campus is going to be used as the on-line teach-out campus, students must be told that this campus is on probation with its accreditor. The campus must also immediately resolve all problems associated with probation. (Note- this was updated with DCHC when Middle States put Pittsburgh on show cause such that DCHC can no longer use AI online as a teach-out option and must find a different online transfer institution if it wishes to offer an online teach-out option).

• DCHC should refrain from threatening accreditors with legal action. **Note that the Department does not need to recognize the accreditation of an institution that pursues legal action rather than arbitration in the event of a negative action.** In the case of HLC, DCHC should be aware that they missed their opportunity to file an appeal and subsequently the campuses did not provide the information HLC requested to take to their board based on the timeline provided to the campuses by HLC prior to their June board meeting.

• In the case of the HLC campuses, DCHC campuses should start immediately looking for transfer partners and teach-out partners to help students concerned about accreditation status transfer to a new institution and have their credits earned after the change of control accepted by those institutions.

• Accreditors need a complete list, by student, of the teach-out plans selected by the student, including the name of the institution to which the student will transfer or the name of the teach-out partner. Note that the difference between a transfer partner and a teach-out partner is that accreditors typically waive the 25% rule for students who enroll with a teach-out partner institution.

• It is recommended that the campus leaders of each teach-out campus provide regular and accurate communication to students about their options and the progress of the teach-out plan. For example, as new articulation, transfer or teach-out agreements are negotiated with other institutions; students must be made aware of those options and any financial support that DCHC is offering to those students to help with the transition. The website should also be updated regularly, and Facebook streamed information should be linked to the website. It is critically important that in one-on-one conversations, students be given exactly the same information as they are provided during the group discussions and through written communication.

• Students must be kept informed. We cannot overemphasize the importance of keeping students and campus staff informed.
Exhibit 6

Date Transmitted: Apr. 19, 2018

From: David Harpool (Dream Center Education Holdings - Affiliate)

Subject: Re: HLC – Call from Outside Counsel
I’d let it sit. Provides more runway to operate. I’d have you engage a week from now. I wouldn’t have clients on so you can’t commit to anything immediately.

David Harpool, J.D., PHD

On Apr 19, 2018, at 12:51 PM, Ronald L. Holt wrote:

Hi All, just wanted to briefly follow up on this. [REDACTED], but just wanted to see if one of you will follow up on this and reach out to [REDACTED], outside counsel for HLC, or if, instead, you think we should, for now, just let the matter lie silent, as HLC did for some 2 months. I defer to your judgment on that. Ron

Ronald L. Holt, Attorney

1100 Walnut Street, Suite 2900
Kansas City, Missouri 64106
www.rousefrets.com

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From: Ronald L. Holt
Sent: Tuesday, April 17, 2018 6:12 PM

Hi All, I received the attached voicemail message on my office phone, earlier today, from outside counsel to HLC, [REDACTED], offering to discuss the February 23 letter that Dr. David Harpool and I sent her in response to HLC’s public notice about the
nature of the accreditation status, following the closing of the DCEH transaction, of The Art Institute of Colorado and The Illinois Art Institute. I have attached the February 23 letter, and the earlier HLC February 7 letter, for convenient reference. Given the passage of time, without any apparent adverse impact on the two Art Institutes from HLC’s faulty and unfair characterization of the accreditation status of these two schools, I am wondering how much of an attack we want to make here, assuming that USDOE treats the schools as being in “pre-accreditation” status and therefore remaining eligible for Title IV aid? I recognize HLC’s inappropriate characterization of status could impact the timetable for the schools to achieve full accreditation. I think we should have a call tomorrow to discuss this before I and/or others (David Harpool? Chris Richardson? Shelley Murphy?) call back [redacted]. Please advise. Ron

Ronald L. Holt, Attorney

1100 Walnut Street, Suite 2900
Kansas City, Missouri 64106
www.rousefrets.com

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Exhibit 7

Date Transmitted: May 31, 2018

From: Ronald Holt (Dream Center Education Holdings – Affiliate)

Subject: RE: FW: The Illinois Institute of Art and The Art Institute of Colorado
That may work depending on timetable for closure and teach-out plan? What is the likely timetable for closure and possible teach-out plan, as in online options or area schools that could take the current students?

Ronald L. Holt, Attorney

1100 Walnut Street, Suite 2900
Kansas City, Missouri 64106
www.rousefrets.com

From: Randall Barton [mailto: Randall.Barton@dcdeh.org]
Sent: Thursday, May 31, 2018 9:58 AM
To: Ronald L. Holt
Cc: Randall.Barton@dcdeh.org; Richardson, Chris C. @dcdeh.org; Richardson, Brent D. @dcdeh.org; Murphy, Shelly M. @dcdeh.org; David Harpool
Subject: RE: FW: The Illinois Institute of Art and The Art Institute of Colorado

So the Q on this is why appeal if we are going to close these schools. It seems to me we need to go to Chicago and sit down and state to HLC that you deceived us, that we never would have closed with this condition as full accreditation was a condition precedent to closing and we have no choice but to close all HLC schools and if HLC cooperates and give maximum flexibility we will agree not to sue them for what will be a multi million dollar suit.

On Wed, May 30, 2018 at 1:28 PM, Ronald L. Holt <ronaleholt@rousefrets.com> wrote:
FYI

Ronald L. Holt, Attorney

1100 Walnut Street, Suite 2900
Dear All,

Attached is HLC's response to your recent correspondence received on May 21, 2018. Thank you.

Best,

Anthea M. Sweeney, J.D. Ed.D.
Vice President for Legal and Governmental Affairs
Higher Learning Commission

From: Ronald L. Holt [mailto: ]

Sent: Monday, May 21, 2018 8:24 AM
To: Barbara Gellman-Danley; Anthea Sweeney
Cc: [Email addresses redacted]
Subject: The Illinois Institute of Art and The Art Institute of Colorado

Dear President Gellman-Danley and Vice President Sweeney:

Attached please find a letter from Dr. David Harpool and me sent on behalf of our clients, The Illinois Art Institute and The Art Institute of Colorado. We have copied Mary Kohart, whom we understand to be outside counsel for HLC.

Regards, Ron Holt

Ronald L. Holt, Attorney

1100 Walnut Street, Suite 2900
Kansas City, Missouri 64106
www.rousefrets.com

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--

Randall K. Barton
Mobile: [redacted]

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Exhibit 8

Date Transmitted: June 30, 2017

From: Dream Center Foundation

Subject: Partial Dream Center Foundation Form 990
Form 990

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

For the 2017 calendar year, or tax year beginning 01-01, 2017, and ending 06-30, 2017

Name of organization: The Dream Center Foundation

Address: 2301 Bellevue Ave, Los Angeles, CA 90026

City, state or province, country, and ZIP or foreign postal code

City, state or province, country, and ZIP or foreign postal code

Phone number

Fax number

Gross receipts

$8,350,316

Number of independent voting members of the governing body (Part VI, line 1b)

5

Number of voting members of the governing body (Part VI, line 1a)

3

Number of individuals employed in calendar year 2017 (Part V, line 2a)

5

Total number of volunteers (estimate if necessary)

6

Total unrelated business revenue from Part VIII, column (G), line 12

7a

Total unrelated business taxable income from Form 990-T, line 34

7b

Net assets or fund balances. Subtract line 21 from line 20

34,481,590

34,969,363

Net assets or fund balances. Subtract line 21 from line 20

34,481,590

34,969,363

Sign Here

Caroline Barnett, Executive Director

Date

3/28/18

Paid Preparer Use Only

Print/type preparer's name

Janet Noack CPA

Preparer's signature

Janet Noack CPA

Date

03-26-2018

Check [ ] if self-employed

PTIN

P00570876

Firm's EIN

15-2269686

Firm's name

Noack & Company LLC

Firm's address

1910 Park Meadows Dr Suite 103

Fort Myers FL 33907

Phone no

239-936-6144

May the IRS discuss this return with the preparer shown above? (see instructions)

[ ] Yes [ ] No

For Paperwork Reduction Act Notice, see the separate instructions.

www.irs.gov/Form990

Form 990 (2017)
01. Officer, directors, etc. family relationship (Part VI, line 2)

Caroline Barnett  Mathew Barnett
Director  President
Married

Tommy Barnett  Mathew Barnett
Chairman  President
Parental

Jack Carey  Sandra Carey
Director  Director
Married

Rodney Jerkins  Joy Enriquez
Director  Director
Married

Dr. Cecil Stewart  Evelyn Stewart
Director  Director
Married

Dr. Morris Cerullo  Theresa Cerullo
Director  Director
Married
Name of the organization | Employer Identification number
---------------------------|-----------------------------
The Dream Center Foundation | 41-2269686

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<td>Kelley Hutcheson</td>
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<td>Dana Liberatore</td>
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<td>Johanna Townsend</td>
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<tr>
<td>Director</td>
<td>Director</td>
</tr>
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</table>
02. Form 990 governing body review (Part VI, line 11)

The return is reviewed by Randall Barton, Managing Director and Ron Cooper, CFO using audited financial statements prior to filing.

03. Governing documents, etc, available to public (Part VI, line 19)

The Dream Center Foundation makes its financial statements available to the public by appointment at the foundation office.
Exhibit 9

Date Transmitted: May 31, 2018

From: Ronald Holt (Dream Center Education Holdings – Affiliate)

Subject: HLC Schools Proposed Student Notice (with attachment)
Hi Chris, attached for your review and consideration is the proposed notice to be given to students concerning DCEH’s plan to pursue an appeal of the actions that HLC has taken. This Notice, as you know, follows the response that we have drafted to the memo from the Consent Judgment Settlement Administrator, who, among other things, has called out DCEH on the fact that we have told the students of the HLS schools that the schools remain accredited but HLC on its website says they do not. So, our response to the Administrator explains we were misled by HLC and are now appealing HLC’s actions and that we will be issuing notice to the students to inform them of the appeal we are taking. I think that, even if all we do is set up a meeting with the HLC Executive Committee in Chicago to get them to ‘stand down’ to some extent on their position, we are still ‘appealing’ or challenging the HLC position, so sending out the notice now, but later not actually pursuing a full-blown internal appeal would not be inconsistent. But that is something that you and Randy will have to weigh. Certainly, for now, we have told HLC that we are challenging their action, their action is adverse to our students, these HLS schools are still open and we have to take action to serve the interests of these students. Regards, Ron

Ronald L. Holt, Attorney
1100 Walnut Street, Suite 2900
Kansas City, Missouri 64106
www.rousefrets.com

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June 1, 2018

Update for Our Students on Our Accreditation Status

Several months ago we informed you that, on January 19, 2018, the ownership of The Art Institute of Colorado and The Illinois Art Institute was transferred from subsidiaries of Education Management Corporation (EDMC) to subsidiaries of Dream Center Education Holdings, LLC (DCEH) and its parent, Dream Center Foundation (DCF), both of which are tax exempt, nonprofit organizations.

Before the transfer of ownership occurred, EDMC had requested and obtained consent from the primary regulatory agencies that oversee these two Art Institutes, i.e., the U.S. Department of Education, the Higher Learning Commission (HLC), the Illinois Board of Higher Education and the Colorado Department of Education.

In giving its consent, HLC changed the accreditation status of these two Art Institutes to what it called “Change of Control Candidate for Accreditation.” But, based on the HLC letters that EDMC and DCEH received prior to change in ownership, we understood and believed that the two Art Institutes would continue to be treated as accredited institutions and that the schools only needed to demonstrate full compliance with certain requirements and could do this as soon as six months from the change in ownership.

After the change in ownership occurred, however, HLC published a notice on its website which stated that these two Art Institutes, as of January 19, 2018, ceased to hold accreditation with HLC and that any credits and degrees earned at these Art Institutes after that date would not be accredited. Since then, on several occasions, we have sent correspondence to HLC to protest the position it has taken, which we believe is inconsistent with HLC statements made prior to the change in ownership, HLC standards and your interests and reasonable expectations. We are now beginning the process of pursuing an internal appeal with HLC.

We, of course, cannot predict the outcome of the appeal, but we are hopeful that it will be resolved in a favorable manner, and we will keep you closely informed on all developments.

Sincerely

Mr. David Ray

Mr. Elden Monday
Exhibit 10

Date Transmitted: June 1, 2018

From: [Redacted]

Subject: My Feedback
FYI

jc

Begin forwarded message:

From: "Carson, Monica" <redd@decdh.org>  
Date: June 1, 2018 at 9:26:30 AM MST  
To: "Brown, Claude" brass@aii.edu, "Crowley, John E." brass@decdh.org, "Prince, Todd" brass@decdh.org  
Subject: FW: My feedback

FYI....

From:  
Sent: Friday, June 01, 2018 9:13 AM  
To: Jones, Joshua E. brass@aii.edu; Pond, Josh brass@aii.edu; Carson, Monica brass@decdh.org; Hernandez, Justin R. <redd@aii.edu>; Richardson, Brent D. brass@decdh.org  
Subject: My feedback

It is with an intense amount of sadness that I am submitting my resignation to The Art Institute of Colorado, effective today, June 1, 2018. This is not a decision that I am making without an extreme amount of forethought and internal angst as I have dedicated thirteen years of my life to this college for a mission that I completely believed in.

The events of the last six months have made it impossible for me to continue my employment. I can no longer continue enrolling students without compromising my ethics and morals. When the admissions department was initially told about our “Change of Status Candidacy” it was presented as a misunderstanding with HLC that would quickly be resolved. Our team was told to “punt” on any questions we received about that status and to change the conversation to a more favorable topic. We believed what we were told and dutifully continued to enroll for the July class. As time went on, I began to realize that perhaps we were not given the full story, and concerns began to arise about our upcoming July start. What was presented as a glitch that would quickly be resolved is now obviously something much bigger.

My heart breaks for the students who have trusted us so completely. Our July class has students who have shelled out money for plane tickets to visit the campus, turned
down scholarships to other institutions, and left other stable opportunities for the reputable education they believe we will give them. These students have not been given all of the necessary and appropriate information they need to make the best choice for their own futures. If our HLC visit does not result in our accreditation being restored, these students will have tangible damages against the school and I want no part in that legal debacle.

Perhaps if I had been given legitimate reassurance from The Dream Center Leadership in less than two weeks time, I would be able to continue my employment. Unfortunately, instead of reassurance, the only actions taken have been to increase our July start goal. It is now public knowledge, as disclosed in the Republic Report, that our accreditation is lacking and there has yet to be any communication from DCEH. It is only a matter of time before the story is disseminated across more mainstream sources. While [redacted] has attempted to soothe the admissions team, it is abundantly clear that his hands are tied. I can now only assume the words printed online speak the truth about AiC’s situation, and I can no longer, in good faith, continue to participate.

I will be forever grateful for my years at The Art Institute of Colorado. Being surrounded by such incredibly creatively brilliant students has been an honor. I have had the privilege of working with amazing and dedicated faculty and staff, who have forever impacted my life. Hopefully, my fears of an unsuccessful HLC visit are unwarranted and the best years of AiColorado are yet to come. I truly hope for only the best for my colleagues, my friends, and most importantly, my students.

Sincerely,

[Signature]

[Logo]
Exhibit 11

Date Transmitted: Aug. 3, 2018

From: Shelly Murphy (Dream Center Education Holdings)

Subject: Re: DOE Correspondence
Hi JC,

I’m working on an email based on my discussions with the DOE. We need to keep in mind that this communication is confidential, therefore nothing should be attached or sent to any of the accreditation commissions. Also, I don’t have an “official” communication from the DOE in regards to the teach outs. Diane is really working behind the scene to help guide us and keep the accreditors aligned. All information and communication is highly sensitive and only for our internal team. I have a document that I’ll be attaching that Diane has prepared based off of her private discussions with each of the accreditors. Chris R. will have all of the official DOE communication that we have received as record.

FYI- my laptop was in the my car and due to the heat it would not launch, otherwise I would have the email out. Hold please it will be coming. Thanks -

Shelly Murphy
Chief Officer Regulatory and Government Affairs
Dream Center Education Holdings, LLC

On Aug 3, 2018, at 2:41 PM, Crowley, John E. wrote:
>
> Shelly,
>
> As we discussed...would you please send all correspondence from DOE to Stacy and Kate. WE need to attach these correspondences when we communicate with the accrediting bodies so we are all in sync.  It would be helpful to have records all the way back to October of 2017.
>
> We are particularly interested in any correspondence related to teach out and teach out with regard to Middle States and transfer credit.
>
> Thanks for you help.
>
> jc
Exhibit 12

Date Transmitted: July 3, 2018

From: Randall Barton (Dream Center Foundation/Dream Center Education Holdings)

Subject: Re: HLC – Any News
We just got off the phone with DOE. It appears HLC is in sync with retro accreditation and teach out plans. Dianne at all 3 accreditors on and they will all agree to one plan with Department blessing and hopefully funding from the LOC.

On Tue, Jul 3, 2018 at 2:27 PM Ronald L. Holt <@rousefrets.com> wrote:

Hi All, based on the media stories, I am sure you are quite busy dealing with lender issues and other ramifications of moving forward on plans to close 30 campuses. My only purpose in writing is to ask whether we have heard from DOE about its efforts to get HLC to accept our proposal to reinstate accreditation for ILIA and AIC? Ron
Exhibit 13

Date Transmitted: June 6, 2017

From: Director, Accreditation Division - Herman Bounds (U.S. Dept. of Education)

Subject: Accreditation Effective Date
DATE: June 6, 2017

TO: Executive Directors and Presidents,
Recognized Accrediting Agencies

FROM: Herman Bounds
Director
Accreditation Division

SUBJECT: Accreditation Effective Date

The purpose of this correspondence is to clarify the U.S. Department of Education’s (Department) expectation regarding the accreditation effective date used by accrediting agencies.

The Department of Education requires an accreditation decision to be effective on the date an accrediting agency’s decision-making body makes the decision. It cannot be made retroactive, except to the limited extent provided in 34 C.F.R. § 602.22(b) with respect to changes in ownership.

Some questions have arisen as to whether the accreditation effective date can be the date of the on-site review. The answer is no. Sections 602.15(a) (3-6) of the Secretary’s Criteria for Recognition (Criteria) clearly reference and distinguish an evaluation body and a decision-making body. The team that conducts the on-site review is an evaluation body and does not have decision-making authority. Establishing the accreditation date as the date of the on-site review is essentially giving that team decision-making authority, which is not in accordance with the Criteria.

As noted in 34 C.F.R. § 602.18, the Department expects the decision-making body to review the entire record, which includes information and documentation other than the on-site review team report, when making its accreditation decision. The on-site review team does not have the information necessary to make an accreditation decision for an accrediting agency, nor is it authorized to do so by the Criteria.

Therefore, any accrediting agency that does not use the date that an accrediting agency’s decision-making body makes the decision as the accreditation effective date must amend its policies and cease this practice going forward.

My staff and I are available, as always, to respond to any questions you may have.
Exhibit 14

Date Transmitted: May 28, 2019

From: U.S. Department of Education

Subject: Responses to Sen. Durbin Questions for the Record
Question. a. On November 16, 2017, the Higher Learning Commission (HLC) withdrew accreditation from the Illinois Institute of Art and Art Institute of Colorado campuses of Dream Center Education Holdings (DCEH)—transitioning them to “candidates for accreditation”—effective January 20, 2018. DCEH continued to represent these campuses as accredited by HLC to students. On August 2, 2018, David Halperin of the Republic Report published a report that at a meeting at Department headquarters a group of Department staff, led by Diane Auer Jones, told a delegation from DCEH, including CEO Brent Richardson, to publicly represent that the Illinois Institute of Art and Art Institute of Colorado continued to be accredited.

On August 30, 2018, I led a group of Senators in writing to you about these allegations. The Department responded on December 4, 2018 in a letter signed by Assistant Secretary for Legislation and Congressional Affairs Peter Oppenheim. In its response, the Department stated that, prior to the August 2 report, “only two meetings between Department personnel and DCEH representatives occurred in regard to DCEH and the impending closures of many of its campuses”—one on June 14, 2018 and the other on July 18, 2018.

b. Was the topic of DCEH’s HLC accreditation status discussed at either the June 14, 2018, or July 18, 2018, meetings? If so, please describe the nature of those discussions and any requests made by DCEH participants of the Department related to its HLC accreditation status, including any request for guidance or Department intervention with HLC.

Answer. a. On November 16, 2017, the Higher Learning Commission (HLC) decided to put the Illinois Institute of Art and Art Institute of Colorado campuses of Dream Center Education Holdings (DCEH) on Change of Control Candidacy Status (“CCC-Status”) effective on January 20, 2018. According to HLC’s standards and policies, as well as the letter that HLC sent to the Department in November 2017, the agency views CCC-Status as the equivalent of preaccredited status. Institutions that are in preaccredited status are eligible to participate in Federal student aid programs. HLC knew that the institutions were participating in Federal student aid programs and did not notify the Department that they had taken an adverse action against the institutions, which would have disqualified these institutions from participating in Federal student aid programs. It was only in the case of the Illinois Institute of Art and Art Institute of Colorado that HLC used a novel interpretation of preaccreditation as a non-accredited status, but this interpretation is in violation of HLC’s own policies and Department regulations. Therefore, the Department must emphasize that it is not true that the campuses were not accredited during this period.

Nevertheless, the confusion about the Art Institutes’ accreditation status caused the Department to closely review HLC’s policies and procedures about its CCC-Status. During the course of this review, the Department also watched a video of a meeting with HLC site visitors, faculty and students at the Chicago campus. In that video the HLC site visitors referred to CCC-Status as some sort of technical interim phase as a result of the change of ownership, similar to a probation or show cause. Having reviewed HLC’s policies and procedures, its communications with the Art Institutes and the site visit video, the Department is concerned that HLC’s CCC-Status is in violation of HLC’s own policies as well as the Department’s recognition criteria because HLC has used the status to convert two accredited schools to non-accredited status solely as a result of a change in ownership without putting them on probation or show cause, or otherwise affording them the due process protections of an actual adverse action.
While HLC has every right to revoke accreditation, the agency did not follow the appropriate procedures to do so for the Illinois Institute of Art and Art Institute of Colorado. There is no provision in the Department’s regulations for an adverse action that would revoke accreditation and at the same time award candidacy status. Indeed, the letter advising the Art Institutes of their CCC-Status refers to the status as a “preaccreditation status.” However, there is no adverse action that would automatically transition an accredited institution to a preaccredited institution rather than a non-accredited institution.

b. During the June 14, 2018 meeting, DCEH asked a question about the effective date of full accreditation if HLC made a positive decision following the upcoming site visit. Ms. Jones explained that HLC would determine the effective date, and that DCEH should review the agency’s policies regarding retroactive accreditation to determine what that date might be. The Department also instructed DCEH to notify HLC immediately that they had decided to teach-out a number of campuses.

Although a question about the institutions’ current accreditation status was not asked during the June 14th meeting, the Department believed that the campuses were in an accredited status at that time, or the Department would not have allowed the institutions to participate in title IV programs. In the November 2017 letter from HLC to the Department, CCC-status was described as a preaccredited status. According to the Department’s regulations, preaccreditation is an accredited status. The Department believed then, and continues to believe, that these campuses were in accredited status until their date of closure.

Following the June 14th meeting, Ms. Jones expressed to Department staff her concern about DCEH’s ability to manage a teach-out of this magnitude and complexity and volunteered to contact each of the involved accreditors, except ACICS, to discuss the teach-out and to see if the accreditors would be willing to work together to review the teach-out plan and share regular updates with the Department about that status of the teach-outs. Ms. Jones did not reach out to ACICS because during this time she was involved in the review of ACICS’s Part II submission and did not believe that she should be in communication with ACICS. The other involved accreditors (WASC, Middle States, SACSOC, HLC and Northwest Commission) agreed that it would be best to work together to review and approve a “master” teach-out plan that was satisfactory to everyone. Ms. Jones then notified DCEH that the accreditors would be working together to review teach-out plans and provide guidance as a group. Once the teach-out began, Ms. Jones held bi-weekly calls with the accreditors (excluding ACICS) to share information and hold DCEH accountable for providing information or taking actions requested by accreditors. These calls were not to intervene on DCEH’s behalf. Instead, they were to make sure that DCEH was meeting accreditor requirements and to reiterate to DCEH that they needed to follow accreditor instructions.

On July 10, 2017, Ms. Jones became aware of the notification that HLC had posted on its website regarding the accreditation status of these institutions. This was the first time Ms. Jones had seen any reference to CCC-Status being a non-accredited status; however, in its web notification, HLC referred to CCC-status as being “recognized” status and indicated that the institution has met the requirements for candidacy. Candidacy status, also called preaccreditation,
is an accredited status under Department regulations. There is no such thing as a non-accredited, recognized status.

On July 17, 2017, during a call with accreditors, HLC notified Ms. Jones that these institutions had misrepresented their accreditation status on their websites. Several accreditors on that call provided information to Ms. Jones about other issues that DCEH had to address. Ms. Jones typed up that list of action items for DCEH, which included the directive to accurately reflect the accreditation status of the institutions.

On July 18, 2017, during the meeting with DCEH, Ms. Jones told DCEH employees that they needed to update their websites to accurately reflect their accreditation status using the language provided by HLC. Ms. Jones also provided DCEH with a written copy of the list she made based on the accreditor call the previous day. She asked DCEH to provide a response within one week to prove that they had taken corrective action for each item on the list. When Ms. Jones followed up with DCEH to see if they had taken corrective action, DCEH said that the list she had provided was not the bulleted list discussed at the meeting on July 18, 2018. Ms. Jones then forwarded DCEH an electronic copy of the bulleted list. Subsequently, Ms. Jones followed up with HLC to be sure that DCEH had corrected their website to HLC’s satisfaction. HLC confirmed that the correction had been made.

**Question.** The Department’s qualification that these meetings were related to the “impending closures” of DCEH campuses, raises additional questions.

**a.** Please provide the date of all meetings between the Department and DCEH officials which occurred between November 16, 2017 and August 2, 2018. Please provide the stated purpose of any meetings and a list of individuals present.

**b.** Please provide the date of all meetings between the Department and DCEH officials which occurred between November 16, 2017 and August 2, 2018 at which DCEH’s HLC accreditation status was discussed. Please provide a list of individuals present. Please describe the nature of those discussions and any requests made by DCEH participants of the Department related to its HLC accreditation status, including any request for guidance or Department intervention with HLC.

**Answer.** a. Due to the complexity of the request and competing priorities, and in some instances, inability to analyze and validate data within the requested timeframe, Department officials were unable to draft a response to accommodate the Senate deadline. Thus, the Department was unable to provide a response for insertion into the official hearing record at this time. The Department regrets the inconvenience and commits to providing a response to the Committee as soon as possible. Department staff will regularly provide updates to Congressional staff regarding expected delivery of this response.

b. As stated above, on July 18, 2018 the Department met with DCEH officials to continue ongoing discussions about closing the institutions and to provide instructions to DCEH. Diane Jones also notified DCEH in this meeting that they would be required to change their website to
represent their accreditation status to students, as required by HLC. DCEH did not request that the Department intervene on their behalf to HLC in the meeting.

The following individuals attended the meeting:
- Diane Jones (OUS)
- A. Wayne Johnson (FSA)
- Justin Riemer (OGC)
- Brent Richardson (DCEH)
- Shelly Murphy (DCEH)

**COMMUNICATIONS AND DOCUMENTATION REGARDING DCEH**

**Question.** Please provide all documents and communications between DCEH and any Department staff or official, including Ms. Jones, related to the November 16, 2017, HLC decision or DCEH’s HLC accreditation status.

**Answer.** Due to the complexity of the request and competing priorities, and in some instances, inability to analyze and validate data within the requested timeframe, Department officials were unable to draft a response to accommodate the Senate deadline. Thus, the Department was unable to provide a response for insertion into the official hearing record at this time. The Department regrets the inconvenience and commits to providing a response to the Committee as soon as possible. Department staff will regularly provide updates to Congressional staff regarding expected delivery of this response.

**HIGHER LEARNING COMMISSION ACTIONS AND DCEH CHARACTERIZATION OF ACCREDITATION STATUS**

**Question.** In the Department’s response to Question 1 of the August letter, it states that “it was not until a July 17, 2018, conversation with [the Higher Learning Commission (HLC)] that Ms. Jones learned that DCEH had incorrectly described its accreditation status to students.” On June 26, 2018, I sent a letter to HLC President Barbara Gellman-Danley about media reports that DCEH was misrepresenting the accreditation status of its Illinois Institute of Art and Art Institute of Colorado campuses after the schools lost HLC accreditation on January 20, 2018. I sent a copy of that letter to Julian Schmoke, then the Department’s Chief Enforcement Officer, through the Office of Legislation and Congressional Affairs (OLCA). Ms. Jones was at the Department at that time.

a. Did OLCA provide a copy of that letter to Mr. Schmoke? If so, please provide the date on which it was provided to Mr. Schmoke.

b. Did OLCA provide a copy of that letter to any other office or Department official, including the Office of the Secretary or Ms. Jones? If so, please provide a list of individuals and the dates on which it was provided.
c. Was Ms. Jones aware of HLC’s decision, effective January 20, 2018, to remove the accreditation of the Illinois Institute of Art and Art Institute of Colorado campuses prior to July 17, 2018? If so, when and through what method did Ms. Jones learn of HLC’s action?

d. Were other Department officials aware of HLC’s decision, effective January 20, 2018, to remove the accreditation of the Illinois Institute of Art and Art Institute of Colorado campuses prior to July 17, 2018? If so, please provide a list of individuals and their positions? When and through what method did these individuals learn of HLC’s action?

Answer. a. The letter was forwarded by email by a staff member in OLCA to Julian Schmoke on June 26, 2018.

b. The letter was received by a staff member in OLCA and was forwarded to the following individuals on June 26, 2018 by email:

- Lynn Mahaffie
- Kathleen Smith
- Chris Greene
- Herman Bounds
- Christine Isett
- Todd May
- Peter Oppenheim
- Jenny Prescott
- Molly Peterson

Diane Jones did not receive a copy of the letter.

c. As stated above, the Illinois Institute of Art and the Art Institute of Colorado were in the equivalent of a preaccredited status between January 20, 2019 and the date of closure of the campuses. HLC’s CCC-Status is the equivalent of a preaccredited status under the Department’s regulations, which is an accredited status.

On July 10, 2017, Shelly Murphy of DCEH sent Ms. Jones an email that included information HLC had posted about the two institutions on the HLC’s website. That was the first time Ms. Jones understood that HLC was treating CCC-Status as a non-accredited status rather than as a preaccredited status. Ms. Jones had no knowledge that HLC considered CCC-Status to be a non-accredited status until July 10, 2018, although even then HLC’s explanation of CCC-Status was unclear. During a call with accreditors on July 17, 2018, Ms. Jones learned for the first time that the institution's websites inaccurately described their accreditation status. Ms. Jones notified DCEH in a meeting on July 18th that they must correct their website to reflect HLC’s language about the institution’s accreditation.

d. Due to the complexity of the request and competing priorities, and in some instances, inability to analyze and validate data within the requested timeframe, Department officials were unable to draft a response to accommodate the Senate deadline. Thus, the Department was unable to provide a response for insertion into the official hearing record at this time. The Department regrets the inconvenience and commits to providing a response to the Committee as soon as
possible. Department staff will regularly provide updates to Congressional staff regarding expected delivery of this response.

DEPARTMENT DIRECTION TO DCEH TO ACCURATELY REPRESENT ACCREDITATION STATUS

Question. The Department’s response to Question 1 further states that on July 18, 2018, Ms. Jones “advised representatives of DCEH (at the meeting and in writing) that they must provide students with accurate information about their institution’s accreditation status...”. Please provide a copy of the written direction from Ms. Jones to DCEH to which the Department is referring.

Answer. Enclosed in this response is an email, with an attachment of the list, sent from Diane Jones to Shelly Murphy of DCEH via email on August 2, 2018. Ms. Jones handed a printed copy of the list to Ms. Murphy on July 18, 2018, and later when Ms. Murphy said that she had been given the wrong document, Ms. Jones emailed a copy to her.

SETTLEMENT ADMINISTRATOR FINDING OF MISREPRESENTATION BY DCEH

Question. Regardless of what role, if any, the Department may have played in the misrepresentation, it has failed to meet its legal responsibility to provide the borrower defense discharges to which Illinois Institute of Art and Colorado Art Institute students are entitled under the Higher Education Act based on DCEH’s misrepresentation. In its December 4 response, the Department reported that it has not opened an investigation into the misrepresentation despite acknowledging that it occurred. As apparent justification, the Department noted that a review of online videos from July informational meetings held for students at the closing Illinois Institute of Art campus “clearly show that the students had, at some point prior to the meetings, learned that the school was not in accredited status.” In other words, because a video shows that some small number of students eventually learned the truth about their school’s accreditation, the Department believes no action against DCEH or relief for students is necessary based on the misrepresentation. By clinging to this outrageous and legally dubious position, the Department is failing to uphold its responsibility to enforce federal Title IV laws and regulations and ignoring the harm done to students by DCEH’s misrepresentations.

HLC recognized the harm to students of not knowing that their campuses were no longer accredited. In its public disclosure announcing that its removal of accreditation had taken effect, HLC noted that students should know that “their courses or degrees are not accredited by HLC and it is possible that they will not be accepted in transfer to other colleges and universities or recognized by prospective employers.” In other words, students could be taking on debt to attend worthless courses or get a worthless degree.

A 2015 settlement between Education Management Corporation and 39 state attorneys general and the District of Columbia established a Settlement Administrator to enforce the terms of the settlement—which became binding on DCEH as part of its acquisition of EDMC schools. In
February, Settlement Administrator Thomas Perrelli released his Third Annual Report which found that DCEH violated the settlement as a result of its “failure to advise students that certain schools had lost their accreditation.” Mr. Perrelli found that “DCEH did not inform Illinois Institute of Art or Art Institute of Colorado students or prospective students that it had lost accreditation” despite being “obligated” by HLC to do so. Instead, Mr. Perrelli found that DCEH “revised the accreditation statement on its website to expressly claim that the schools “remain accredited as a candidate school” which was “inaccurate and misleading.”

During the time DCEH failed to disclose its loss of accreditation status to students and made express misrepresentations, “students stayed in the unaccredited schools” and “registered for additional terms and incurred additional debts, for credits that were significantly less likely to transfer to other schools and towards a degree that was to have limited value.” Mr. Perrelli found that these problems were “exacerbated dramatically when DCEH announced in July that it would be closing those schools, leaving many of those students dependent on the transferability of their credits to further their education.” He concludes that DCEH’s eventual correction of its misleading statements “did not resolve” the harm students had experienced.

a. Please respond to Mr. Perrelli’s findings related to DCEH’s misrepresentation of its accreditation status and failure to disclose its loss of accreditation to students.

b. In the aftermath of Mr. Perrelli’s findings and the subsequent misconduct by DCEH related to missing student stipends and the precipitous closure of Argosy and its other institutions, will the Department open an investigation into the accreditation misrepresentation at Illinois Institute of Art and Art Institute of Colorado?

Answer. a. As stated above, the Illinois Institute of Art and the Art Institute of Colorado were in the equivalent of a preaccredited status between January 20, 2019 and the date of closure of the campuses. HLC’s CCC-Status is the equivalent of a preaccredited status under the Department’s regulations.

b. The Department has asked HLC to review its standards since the Department believes that HLC’s standards do not support a determination that theses campuses were in non-accredited status. The Department believes HLC was out of compliance with Department regulations in attempting to move an accredited institution to preaccredited status, and then making an accreditation decision based on a focused site visit. Moreover, HLC’s policies require that an institution which loses accreditation to sit out for five years. Therefore, it is not possible that CCC-Status is a nonaccredited status.
Exhibit 15

Date Transmitted: Dec. 4, 2018

From: Assistant Secretary Peter Oppenheim, responding on behalf of Principal Deputy Under Secretary Diane Auer Jones (U.S. Department of Education)

Subject: Letter Responding to Sen. Durbin
Honorable Richard J. Durbin  
United States Senate  
Washington, D.C. 20510

Dear Senator Durbin:

Thank you for your August 30, 2018, letter to Secretary Betsy DeVos regarding an article about Dream Center Education Holdings, Inc. ("DCEH") and Diane Auer Jones, Principal Deputy Under Secretary delegated to Perform the Duties of the Under Secretary and the Assistant Secretary for Postsecondary Education. Your letter was forwarded to my office, and I am pleased to respond. I am also sending identical responses to the cosigners of your letter.

The article referenced in your letter was written by David Halperin and published in the Republic Report on August 2, 2018 ("Halperin Article"). Based on the Halperin Article, the letter seeks an investigation of Ms. Jones’ statements to DCEH regarding the accreditation status of the Art Institute of Colorado ("AI Colorado") and the Illinois Institute of Art ("Illinois Institute"). These two institutions were formerly owned by Education Management Corporation ("EDMC") and were sold to DCEH in a transaction that closed on January 20, 2018. By action taken on November 16, 2017, the Higher Learning Commission ("HLC") (the institutions’ accreditor) moved AI Colorado and the Illinois Institute to “Change of Control Candidacy Status” effective on the closing date of the transaction with DCEH.

The Halperin Article and your letter refer to statements that an unnamed DCEH representative asserts that Ms. Jones made at a meeting “at Department headquarters” earlier this year. Prior to the August 2 article, only two meetings between Department personnel and DCEH representatives occurred in regard to DCEH and the impending closure of many of its campuses.\(^1\) The meetings occurred on June 14, 2018 ("June Meeting") and July 18, 2018 ("July Meeting"). The June Meeting took place at Federal Student Aid ("FSA"); the July Meeting took place at the Department’s headquarters at the Lyndon Baines Johnson building. The participants in both meetings included Department career staff (from FSA and the Department’s Office of General Counsel ("OGC") and political staff (including Ms. Jones), as well as representatives of DCEH. The following responses address the questions asked in your letter.

\(^1\) Prior meetings with DCEH and EDMC took place at or around the time that the Department was conducting its preacquisition review of the transaction. Those meetings occurred during the summer and fall of 2017. Most, if not all, of those meetings predated the HLC action in November 2017. In any event, Ms. Jones did not participate in those meetings because she did not join the Department until February 2018.
1. Did Ms. Jones – verbally or in writing – direct or advise [DCEH] to publically represent that the [Illinois Institute] and [AI Colorado] “remain accredited” despite the schools’ accreditor telling DCEH that they were not accredited?

Answer: No. It was not until a July 17, 2018, conversation with regional accreditors that Ms. Jones learned that DCEH had incorrectly described its accreditation status to students. She notified Dream Center verbally and in writing on July 18, 2018, that they had to correct their websites and provide written communication to all students at the Colorado and Illinois campuses notifying them of the accurate accreditation status. HLC subsequently confirmed that the correction was made. At the July Meeting, Ms. Jones specifically advised representatives of DCEH (at the meeting and in writing) that they must provide students with accurate information about their institution’s accreditation status, including in regard to the HLC candidacy status.

2. Did any other Department staff or official – verbally or in writing – direct or advise [DCEH] to publically represent that the [Illinois Institute] and [AI Colorado] “remain accredited” despite the schools’ accreditor telling DCEH that they were not accredited. If so, please provide their names and positions and at whose direction the Department staff provided the guidance?

Answer: No.

3. What was the stated purpose of the above referenced meeting between the Department and the DCEH delegation? Please provide a list of individuals present at this meeting.

Answer: A short time prior to the June Meeting, DCEH advised the Department that it was planning to close several of its campuses, including many of the campuses of the Art Institutes. The purpose of the June Meeting was for DCEH’s representatives to brief the Department on these school closures and its closure plan, and to discuss options for teaching out the students remaining on those campuses before the end of the year, and transitioning students who would not graduate before December 31, 2018, to other schools or campuses. The July Meeting provided updates on the closure, the teach-out process, and DCEH’s plans for the remaining campuses.

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<th>June Meeting Attendees:</th>
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</tr>
<tr>
<td>Diane Jones (OPE)</td>
<td>Diane Jones</td>
</tr>
<tr>
<td>James Manning (FSA)</td>
<td>A. Wayne Johnson</td>
</tr>
<tr>
<td>Kathleen Smith (FSA)</td>
<td>Justin Riemer</td>
</tr>
<tr>
<td>A. Wayne Johnson (FSA)</td>
<td>Robin Minor</td>
</tr>
<tr>
<td>Justin Riemer (OGC)</td>
<td></td>
</tr>
<tr>
<td>Robin Minor (FSA)</td>
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<tr>
<td>Ronald Bennett (FSA)</td>
<td></td>
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<tr>
<td>Michael Frola (FSA)</td>
<td></td>
</tr>
<tr>
<td>Steven Finley (OGC)</td>
<td></td>
</tr>
<tr>
<td>Donna Mangold (OGC)</td>
<td></td>
</tr>
</tbody>
</table>
### June Meeting Attendees:  | July Meeting Attendees:
---|---
**DCEH**  | **DCEH**  
Brent Richardson  | Brent Richardson  
Shelly Murphy  | Shelly Murphy  
Randall Barton  |  
John Crowley  |  

4. Please provide all documents and communications pertaining to any directive or advice from Department officials to DCEH that the latter publicly represent that the [Illinois Institute] and [AI Colorado] “remain accredited” despite the schools’ accreditor telling DCEH that they were not accredited – including any notes from the above referenced meeting.

**Answer:** No responsive documents or communications exist because no Department representative gave any directive or advice, orally or in writing, to DCEH to represent to anyone that the [Illinois Institute] and [AI Colorado] “remain accredited despite the schools’ accreditor telling DCEH that they were not accredited.”

5. Has the Department’s Enforcement Unit opened an investigation into allegations that DCEH misrepresented the accreditation status of [AI Colorado] and [Illinois Institute]?

**Answer:** No, an investigation has not been opened. In a discussion with accreditors on July 17, 2018, Ms. Jones learned from HLC that there had been incorrect information posted on the institutions’ websites about their change of control candidacy accreditation status. On the next day, she told DCEH that DCEH had to properly inform its students of its status with all accreditors. The Department notified HLC of DCEH’s intent to comply with this directive, and later confirmed that the website had been corrected and information issued to the satisfaction of HLC. The home pages for each school now prominently provide a link to the HLC notice about the schools’ accreditation status.

The Department has reviewed videos (posted online by students) of a meeting held at Illinois Institute between students and faculty and representatives of HLC, and two meetings with a representative of DCEH. These videos are from meetings in the first half of July 2018. The videos clearly show that the students had, at some point prior to the meetings, learned that the school was not in an accredited status.

The Department is satisfied that the prior misinformation about the institutions’ accreditation status was the result of the unique nature of HLC’s change of control candidacy status, given that the schools had full accreditation the day before the change in ownership. The Department understands that this may have been the first time that HLC implemented its change of control candidacy status, and will be reviewing the policies related to the status (as written and as applied in this case) to determine whether they are in compliance with Department regulations.
Thank you for your letter. If you have any further questions, please feel free to contact the Office of Legislation and Congressional Affairs at 202-401-0020.

Sincerely,

Peter L. Oppenheim
Exhibit 16

Date Transmitted: July 25, 2018

From: Principal Deputy Under Secretary Diane Auer Jones (U.S. Department of Education)

Subject: Retroactive establishment of the date of accreditation
DATE: July 25, 2018

TO: Accrediting Agency Executive Directors and Presidents

FROM: Diane Auer Jones, Principal Deputy Under Secretary, Delegated to Perform the Duties of Under Secretary and Assistant Secretary for the Office of Postsecondary Education

SUBJECT: Retroactive establishment of the date of accreditation

The purpose of this correspondence is to retract the U.S. Department of Education’s June 6, 2017, guidance regarding accreditation effective dates used by accrediting agencies. In the earlier guidance document, the Department determined that an agency could not establish a retroactive accreditation date due to the fact that key events in the initial recognition process, such as site visits, are not conducted by the agency’s decision-making body.

Upon further consideration, the Department agrees with the recommendation provided by the National Advisory Council for Institutional Quality and Improvement and will permit the retroactive application of a date of accreditation, following an affirmative accreditation decision, as described below.

Our change of position is based on our recognition that some programmatic or specialized accreditors require a program to enroll and/or graduate one or more students prior to rendering a final accreditation decision for that program. Our June 6, 2017, policy would render students who enrolled during the accreditation review period, as is required by some accreditors, ineligible for certain credentialing opportunities or jobs even though they completed the program that was awarded accreditation based on the quality of the program during the time these students were enrolled.

Therefore, the Department will now permit agencies to establish a retroactive accreditation date that goes back no farther than the beginning of the initial accreditation review process to ensure that credits and credentials awarded to students who were enrolled or completed a program during the formal initial accreditation review, or a review following a change in ownership or control, are from an accredited program.

The initial accreditation review process begins on the date on which the accreditor completes its review of the program’s initial application for accreditation or change of ownership or control.
review and places the program on the pathway for accreditation or reinstatement of accreditation. Some accreditors use the term applicant status, candidacy status or pre-accreditation status to describe the point at which the program is officially recognized as being on the pathway to accreditation, but this terminology is not required as long as the accreditor has a process in place to receive, review and approve initial or change of ownership or control applications, and upon an affirmative application review decision (which can be made by agency staff, an agency decision body or a subcommittee of an agency decision body), consider the program to be in the process of seeking accreditation or reinstatement of accreditation. The initial accreditation review process does not begin the day an application is submitted by the program or the date on which the application was received by the accreditor, but instead on the date on which the application was approved and the program was permitted to pursue accredited status, or on the date on which ownership or control changed.

In the event that the initial application review is extended by the accreditor, including to provide additional time for the program to graduate an initial cohort or come into full compliance based on a good cause determination by the accreditor, then the initial review period extends to the date agreed to by the program and the accreditor. All students enrolled during that time period, including the extension, may be considered to have enrolled in or graduated from an accredited program. However, if the initial application results in denial and a new application must be submitted to initiate a new review process, the students who enrolled in or completed the program during the initial application process would not be eligible to benefit from a retroactive effective date based on an affirmative award resulting from the second initial application for accreditation, except that if accreditation was granted prior to that student’s graduation, the student would then be considered to have graduated from an accredited program.

Accreditors that utilize retroactive establishment dates to serve students enrolled in programs that receive an affirmative accreditation decision may elect to establish the effective date based on their standards and criteria and the approval of the agency’s appropriate decision-making body. Our original guidance suggested that the date of accreditation had to coincide with an affirmative decision of the agency’s relevant body. However, none of the regulations cited in our prior guidance specify that accreditation can only be granted on a prospective basis. See 34 C.F.R. §§ 602.15, 602.18, 602.22. Indeed, the fact that one of the regulations contains an express prohibition on retroactive accreditation in one specific context (when there has been a substantive change) strongly suggests that there is not a general rule prohibiting retroactive accreditation, since such a general rule would make a specific prohibition unnecessary. See 34 C.F.R. § 602.22(b). And although it is true that the decision-making body is distinct from the evaluation body, and that the evaluation body that conducts the on-site review does not have decision-making authority, it does not follow that the decision-making body is prohibited from giving retroactive effect to an accreditation decision, either specifically back to the date of on-site review or back to any other prior date. We now recognize that the agency’s decision-making body, though potentially not involved directly in an event that establishes the retroactive date,
will be making a decision about the program's accreditation status and should be able to
determine a retroactive date of accreditation based on the agency's standards and criteria and the
program's demonstrated ability to meet certain milestones. The effective date may go back as
far as, but cannot be prior to, the date on which the agency completed the review of the
program's application and officially recognized the program as being in the accreditation review
process.

If you have any questions about the retraction of our earlier guidance or the revised guidance
provided herein, do not hesitate to contact Herman Bounds, Director of Accreditation at (202)
453-6128.
Exhibit 17

Date Transmitted: Oct. 15, 2018

From: John Crowley (Dream Center Education Holdings)

Subject: DoE Ask List _ October 15, 2018 (v2) copy.docx
Paper trail?

Date they approved $75M

>>>Thank-you...
Michael K. Clifford
VentureCatalyst

Many times these messages are dictated | Please forgive typos.

www.mkadvisor.com
www.mkclifford.com
Humans were born knowing nothing other than learning.

On Mon, Oct 15, 2018, 12:00 PM Crowley, John E. <...@dcedh.org> wrote:
Please review

CONFIDENTIALITY NOTICE: This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to which they are addressed. If you are not the intended recipient, you may not review, copy or distribute this message. If you have received this email in error, please notify the sender immediately and delete the original message. Neither the sender nor the company for which he or she works accepts any liability for any damage caused by any virus transmitted by this email.
Exhibit 18

Date Transmitted: Oct. 15, 2018

From: John Crowley (Dream Center Education Holdings)

Subject: DoE Ask List _ October 15, 2018 (v2) copy.docx - Attachment
Alterations from Current TPPPA Amendment required for Requested Future State:

1. Increase reimbursement cap from $50MM to $75MM
2. New biweekly reimbursement run rate of $5MM beginning on 10/23/18
3. Catch-up payment of $13MM to be submitted on 10/23/18 in addition to scheduled reimbursement payment
4. July, November, December rent payments are reimbursable
5. An acceptance letter is acceptable documentation to substantiate enrollment (FSA’s current guidance is an enrollment agreement is required)
6. External Grants: Payments made directly to the transfer institution with a signed student MOU version prior to September 2018 do not require proof of attendance. *(Original MOU did not require proof of attendance; we updated MOU to incorporate attendance requirement upon execution of TPPPA amendment)*
7. DCEH requests that the Department expand the TPPPA scope to include reimbursement of appropriate teach-out related costs for Argosy University – Nashville, which will now close on December 31, 2018 (originally scheduled to close August 31, 2019).
8. DCEH requests an exception to the student loan discharge policy to allow the approximately 804 students enrolled in non-licensure programs (programs that will close in 2018) at the six campuses (shown in Table 2) to apply for student loan discharge, even though the licensure programs at the six campuses will not close until 2019 or 2020. Note: The calculation of 804 students represents the maximum number of non-licensure program students eligible for student loan discharge at the six locations. Many of the 804 students will choose to transfer and, ultimately, will not apply for loan discharge.
9. Expenses from campuses with licensure students who may require instruction beyond 12/31/18 (<300 students in total) are reimbursable. OPEID numbers, and forecast closure dates for those six campuses appear in Table 2.

<table>
<thead>
<tr>
<th><strong>in $MMs</strong></th>
<th><strong>Current State</strong></th>
<th><strong>Requested Future State</strong></th>
<th><strong>COMMENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursed to Date</td>
<td>$ 18.3</td>
<td>$ 18.3</td>
<td></td>
</tr>
<tr>
<td>Submission Under DOE Review: 10/9/2018</td>
<td>4.0</td>
<td>4.0</td>
<td></td>
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<tr>
<td>Future Reimbursement Schedule:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10-23-2018</td>
<td>4.0</td>
<td>18.0</td>
<td>New normal run rate of $5MM + $13Mm catch-up</td>
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<tr>
<td>11-06-2018</td>
<td>4.0</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>11-20-2018</td>
<td>4.0</td>
<td>5.0</td>
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<tr>
<td>12-04-2018</td>
<td>4.0</td>
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<tr>
<td>12-18-2018</td>
<td>4.0</td>
<td>5.0</td>
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</tr>
<tr>
<td>1-03-2019</td>
<td>4.0</td>
<td>5.0</td>
<td>Reimbursements stream could be lengthened based on timing of external transfer grants (TPPPA amendments allows for reimbursement up to 3-31-2019)</td>
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<tr>
<td>1-17-2019</td>
<td>3.7</td>
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<tr>
<td>1-31-2019</td>
<td>--</td>
<td>4.7</td>
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<tr>
<td>$ 50.0</td>
<td>$ 75.0</td>
<td></td>
<td></td>
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</table>
Table 2: Campuses Closing in 2019 and 2020

<table>
<thead>
<tr>
<th>Campus and OPEID Number</th>
<th>Forecast Closure Date</th>
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</thead>
<tbody>
<tr>
<td>Argosy University - San Francisco Bay Area: 021799-08</td>
<td>December 31, 2020</td>
</tr>
<tr>
<td>Argosy University – Dallas: 021799-19</td>
<td>August 31, 2019</td>
</tr>
<tr>
<td>Argosy University – Denver: 021799-30</td>
<td>December 31, 2019</td>
</tr>
<tr>
<td>Argosy University - Salt Lake City: 021799-35</td>
<td>December 31, 2019</td>
</tr>
<tr>
<td>South University – Novi: 013039-14</td>
<td>December 31, 2019</td>
</tr>
<tr>
<td>South University – Cleveland: 013039-22</td>
<td>December 31, 2019</td>
</tr>
</tbody>
</table>

Additional request outside of TPPA- Re-Designate The Art Institute of Las Vegas as a main campus under ACICS

1. The Art Institute of Phoenix (AiPX) is a current main location (OPE ID 040513-00). This location is scheduled to close December 2018. There are two additional locations under the AiPX OPE ID. Las Vegas – remains open--Indianapolis – closes December 2018
2. Given the recommendation of the Senior Department Official regarding ACICS, DECH requests the following:
   a) Remove The Art Institute of Phoenix, its additional locations (Las Vegas and Indianapolis) and the Art Institute of Fort Lauderdale from the Argosy University merger request application that sought WSCUC accreditation
   b) Leave these institutions under ACICS accreditation
   c) Re-designate The Art Institute of Las Vegas as the main campus under ACICS accreditation with The Art Institute of Phoenix OPE ID (040513-00).
   d) In order to complete this change, DCEH requests that the Department open the Argosy University (OPE ID 021799-00) electronic application so that DCEH may remove The Art Institute locations in Phoenix, Indianapolis, Las Vegas and Fort Lauderdale.
   e) DCEH would need an expedited review by the Department to approve the Las Vegas location as the main campus on or before December 15, 2018 to avoid a potential campus closure in 2018.
3. South Inc, a public charity 501c3
   a) Ruling conversion from NP LLC to NP Corp not change of control (same board); or if it is
   b) Approval of the change of control no LC, no growth restrictions (do we need a pre-acquisition review or what do we need to file?)
   c) New OPIED number or agreement to leave all past liabilities with DCEH
   d) Help with SAACS to get change of control approved on expedited basis
4. Argosy
   a) Ruling that receivership would not impact Title IV
   b) Approval of transfer of Argosy to EGC (do we need to complete pre-acquisition review of what do they need to approve the transaction?)
   c) New OPIED number or agreement to leave all past liabilities of Argosy with DCEH
d) OPIED number for Western States Law help to move it under South

e) OPIED number for Ai Hollywood and Ai San Diego or help to get them moved as branches to one of the Ai campuses

f) Help with WASC and HLC and possibly either SACCs or Northwestern to obtain c, d and e completed

5. The Art Institutes

   a) Ruling that receivership would not impact Title IV

   b) Approval of sale to Studio (pre-acquisition review or is there another expedited process, no LC or growth restrictions?)

   c) New OPIED number for Ai or agreement to leave liabilities with DCEH

   d) Approval to set up Las Vegas which is currently a branch of Phoenix as the main (campus??)

   e) Change of control for Ai Pittsburgh to South

   f) Help with SAACS, Northwestern, WASC, HLC, Middle States and ACICS

6. Audit Extension through June 30, 2019
Exhibit 19

Date Transmitted: Nov. 3, 2018

From: Randall Barton (Dream Center Foundation/Dream Center Education Holdings)

Subject: Fwd: Communication with DOE
Wanted to make sure we are comfortable with this. Probably should be done 1st thing Monday. Shall we have Ron send it?

-------- Forwarded message --------
From: Lee Carey, Katherine
Date: Fri, Nov 2, 2018 at 1:32 PM
Subject: Communication with DOE
To: Jason Beckman, Randall Barton, Ronald L. Holt
Cc: Peter Ma, Bryan Newman, Dennis M. Cariello

All,

Per communications between Jason and Randy, the parties have agreed that Ron (or Brent or Randy) should follow up on Dennis’s meeting this morning with Diane Auer Jones at DOE with an electronic copy of the letter providing the overview of the Studio/AI transactions. Dennis’s conversation with Diane did not yield a response in the negative or positive, more of an “I will take a look, thanks.” So, having verification that the letter was actually sent electronically, will provide us the substantiation needed.

I already communicated with Ron about this, but Dennis has suggested that he not be mentioned or included on the email to avoid increased scrutiny. Thus, the email cover should be very simple and just state “As discussed, attached is the overview of the transaction.” Or something similar that doesn’t go into much detail.

As for timing on delivery, I think consensus is as soon as possible, but no later than Monday. Jason, Randy, please confirm.

Thanks.
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Cooley GO > [Start and build your business](#)

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--

**Randall K. Barton**

Mobile: [hidden]
Exhibit 20

Date Transmitted: Oct. 22, 2018

From: Dennis Cariello (Dream Center Education Holdings - Affiliate)

Subject: I’m seeing Wayne tomorrow
Going to give him the list of the asks.

Also, he asked that I review the draw requests – there are a few things we can’t have in there – bonuses (maybe one at the of the teach out, but not interim) and future rental payments (not monthly rent – rent for future periods) were issues for him.

Dennis