

We can be available to speak at any time today, and suggest that another conference call would be very useful.

We also appreciate your continued efforts to reach out and coordinate with the applicable state regulators and accrediting agencies since those are also vital to the transactions.

Jonathon C. Glass

Cooley LLP

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Washington, DC 20004-2400

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jglass@cooley.com

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Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

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Michael.Frola@ed.gov

From: Michael.Frola@ed.gov
Sent: Tuesday, January 8, 2019 9:47 PM
To: Jones, Diane
Cc: Mangold, Donna; Minor, Robin; Bennett, Ron
Subject: Re: DCEH Route Pay

Yes

Sent from my iPhone

On Jan 8, 2019, at 9:45 PM, Jones, Diane <Diane.Jones@ed.gov> wrote:

Ok - so they need to submit rosters for those three claims, right?

Sent from my iPhone

On Jan 8, 2019, at 6:23 PM, Frola, Michael <Michael.Frola@ed.gov> wrote:

It was the claims Jonathon asked us release yesterday. I assumed these funds were only for the schools they acquired.

<image001.png>

We would check with them first.

Mike

Sent from my iPhone

On Jan 8, 2019, at 6:12 PM, Jones, Diane <Diane.Jones@ed.gov> wrote:

Yes - but which three claims do you mean? Also, Mike G confirmed that there are careful controls in place even with the sweep still in place. They are not worried about misuse of funds by DCEH even with the sweep in place.

Sent from my iPhone

On Jan 8, 2019, at 6:01 PM, Mangold, Donna

<Donna.Mangold@ed.gov> wrote:

Mike, We can't release for the "Ongoing Schools" that moved to new ownership until the DCEH sweep is terminated. Can you clarify what you mean by "3 claims" (it may be on another email string)?

From: Frola, Michael
Sent: Tuesday, January 08, 2019 5:53 PM
To: Jones, Diane
Cc: Mangold, Donna; Minor, Robin; Bennett, Ron
Subject: Re: DCEH Route Pay

Hi Diane, if they can send a roster for just the 3 claims they sent for us to release with a cover letter we can get the funds out in 1 business day for the first round. Do you think that will work for them? Mike

Sent from my iPhone

On Jan 8, 2019, at 3:51 PM, Jones, Diane
<Diane.Jones@ed.gov> wrote:

Thanks, Mike. I just talked to Donna who caught me up on the morning call. I also just talked to Mike G and he said that they need fairly quick draw downs to get through the transition and then things will stabilize. He understands the roster requirement and thinks we are being reasonable, but they are worried that any delay right now could cause problems. So I told him to communicate to the interested parties that they should send us certified rosters ASAP. I know you are working on a format and process, but for today could they send an excel spreadsheet like the one Chad sent a week or so ago?
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FYI.

The fund request look mostly to be for Dream Center. The roster reporting we would like to request for DCEH schools and newly separated schools would allow us to

track the funds to each school and give us some control over the flow of funds. Please note we are not developing an burdensome process like HCM-2. We estimate from the funds request date with a student roster and school president attestation we can release funds in 2-3 business days, which is a minimal disruption in funding.

-Mike

From: Miles, Eric
Sent: Tuesday, January 08, 2019 3:15 PM
To: Sikora, Tara; Smith, Joseph; Frola, Michael
Subject: RE: DCEH Route Pay

There are 122 requests in G5 that total \$33,535,744.74.

Eric Miles
Multi-Regional and Foreign
Schools Participation Division
Office: (202) 377-4095

<image001.png>

From: Smith, Joseph
Sent: Tuesday, January 08, 2019 2:37 PM
To: Frola, Michael; Sikora, Tara
Cc: Miles, Eric
Subject: DCEH Route Pay

Hi Mike/Tara,

What instruction if any has FSA/ED given to DCEH about making new payment requests? Eric is seeing roughly approximately 115 new payment request records submitted yesterday and today in G5 (most of which we think is Dream Center) and in amounts that appear to total many millions of dollars. Is this a problem? Eric will provide detail in 30 minutes. The system doesn't let us easily see only for DCEH.

Thanks,

-joe

Joseph Smith

Compliance Manager
Multi-Regional and Foreign Schools
Participation Division
Federal Student Aid

Office: (202) 377-4321

Joseph.Smith@ed.gov

StudentAid.gov

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Frola, Michael

From: Frola, Michael
Sent: Tuesday, January 8, 2019 9:48 PM
To: Jones, Diane
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Eric Miles
Multi-Regional and Foreign
Schools Participation Division
Office: (202) 377-4095

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-joe

Joseph Smith
Compliance Manager
Multi-Regional and Foreign Schools
Participation Division
Federal Student Aid

Office: (202) 377-4321

Joseph.Smith@ed.gov

StudentAid.gov

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Bounds, Herman

From: Bounds, Herman
Sent: Thursday, January 10, 2019 9:37 AM
To: Jones, Diane; Mangold, Donna; Frola, Michael; Minor, Robin; Finley, Steve; Bennett, Ron
Cc: Manning, James; Hill, Elizabeth; Oppenheim, Peter
Subject: RE: Updates

Thanks for the update, Diane

Herman Bounds Jr., MS., Ed.S
Director
Accreditation Group
Office of Post Secondary Education
US Department of Education
400 Maryland Ave
Washington DC 20202
Herman.Bounds@ed.gov<mailto:Herman.Bounds@ed.gov>
202-453-7615

From: Jones, Diane
Sent: Thursday, January 10, 2019 9:32 AM
To: Mangold, Donna; Frola, Michael; Minor, Robin; Bounds, Herman; Finley, Steve; Bennett, Ron
Cc: Manning, James; Hill, Elizabeth; Oppenheim, Peter
Subject: Updates

Hi everyone,

I spoke with Middle States this morning and have two updates to share:

1. Apparently the president of AI Pittsburgh told Middle States that they are going into teach out and will close at the end of March. That could be announced today, but Middle States reminded the president of Pittsburgh that the accreditor must approve the teach-out plan prior to the announcement. For those who have not been involved in the Dream Center issue, most of the AIs and South campuses are no longer associated with Dream Center, but a few remain at Dream Center and some of those will likely close. More to follow on this.
2. Middle States is putting the entire University of PR system on show cause today because they have still not provided audited financials for Fy17, despite being given several extensions. Middle States is also working with the federal oversight board assigned to PR because of their bankruptcy status. Apparently the oversight board can put UPR into title III status, which is sort of like receivership and allows them to restructure their debts. The announcement will be made today and I'm sure there will be Hill and press interest.

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
202-453-7333

Diane.jones@ed.gov

Frola, Michael

From: Frola, Michael
Sent: Thursday, January 10, 2019 2:52 PM
To: Mangold, Donna; Jones, Diane; Minor, Robin (Robin.Minor@ed.gov); Bennett, Ron
Subject: FW: Draw Requests - Disbursement Roster Reports for South, Argosy, and Art Institute
Attachments: Combined Student Disbursement Roster Instructions 1.10.19.pdf; Student Disbursement Roster.xlsx; Sample Certification.docx

FYI.

From: Frola, Michael
Sent: Thursday, January 10, 2019 2:42 PM
To: Yoho, Steven (syoho@southuniversity.edu); Baum, Cynthia G.; Brown, Claude
Cc: Papp, John (jpapp@dcedh.org); Pirilla, Joseph L.; Yevstifeyev, Denis A.; Smith, Joseph; Miles, Eric; Karayianis, George; Sikora, Tara; Frola, Michael
Subject: Draw Requests - Disbursement Roster Reports for South, Argosy, and Art Institute

Dear Mr. Brown, Dr. Yoho, and Dr. Baum:

Please see attached Disbursement Roster Instruction letter, Student Disbursement Roster, and Sample Certification.

For expedience we are sharing the letter and attachments with everyone. To enable the Department to turn around payment requests quickly we are requesting the roster information in the attached format so it can easily be reconciled with the requested funds in G5.

If you have any questions please reach out to Tara Sikora or Eric Miles directly. If needed we can set up a conference call to go over any the instructions.

Sincerely,
Mike

Michael Frola
Director
Multi-Regional and Foreign School Participation Division
Office: (202) 377-3364
michael.frola@ed.gov
StudentAid.gov

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Jones, Diane

From: Jones, Diane
Sent: Wednesday, January 16, 2019 8:04 PM
To: Mangold, Donna
Cc: Bennett, Ron; Minor, Robin; Frola, Michael
Subject: RE: (b)(5)

(b)(5)

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
202-453-7333
Diane.jones@ed.gov

From: Mangold, Donna
Sent: Wednesday, January 16, 2019 8:00 PM
To: Jones, Diane
Cc: Bennett, Ron; Minor, Robin; Frola, Michael
Subject: Re: (b)(5)

(b)(5)

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Jones, Diane" <Diane.Jones@ed.gov>
Date: 1/16/19 5:30 PM (GMT-05:00)
To: "Mangold, Donna" <Donna.Mangold@ed.gov>
Cc: "Bennett, Ron" <Ron.Bennett@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>
Subject: Re: (b)(5)

(b)(5)

Diane

Sent from my iPhone

On Jan 16, 2019, at 3:02 PM, Mangold, Donna <Donna.Mangold@ed.gov> wrote:

fyi

From: John Altorelli [<mailto:john@aequumlaw.com>]
Sent: Wednesday, January 16, 2019 2:58 PM
To: Mangold, Donna
Subject: RE: Contact information

Completely false. We don't want any part of the past.

From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Wednesday, January 16, 2019 2:57 PM
To: John Altorelli <john@aequumlaw.com>
Subject: RE: Contact information

The specific rumor is that Richardson is part of Studio or the foundation.

From: John Altorelli [<mailto:john@aequumlaw.com>]
Sent: Wednesday, January 16, 2019 2:55 PM
To: Mangold, Donna
Subject: RE: Contact information

I can get you the names of the EPF board. Studio does not have any members on any boards. The boards of EPF, AI, South and Argosy are completely different and none are overlapping. The only non-independent members on any boards are the presidents/chancellors of the respective schools. We are streamlining the Ai governance as it is ridiculously unwieldy as a result of how DCEH operated which is no longer necessary given that all of the boards all the way to the foundation are independent and have no ties to the service provider.

I do have an issue regarding South, however, that I need to discuss with you at you earliest convenience.

From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Wednesday, January 16, 2019 2:48 PM
To: John Altorelli <john@aequumlaw.com>
Subject: RE: Contact information
Importance: High

I need the board info ASAP and whatever info you can get to demonstrate that there is no lingering relationship between Studio/the Foundation and Dream. Online rumors are running rampant, and now the states are asking us about it.

From: John Altorelli [<mailto:john@aequumlaw.com>]
Sent: Friday, January 11, 2019 9:19 PM
To: Mangold, Donna
Subject: Contact information

Donna,

It was more of a chore than I would have expected to track down and double check up to date contact information for the campus presidents. I am in better shape with the boards which I will provide tomorrow.

Regards,
John

John J. Altorelli, Esq.

Aequum Law, LLC

555 Madison Avenue

New York, NY 10022

Email: john@aequumlaw.com

Phone: +1 (917) 664-6607

Fax: +1 (646) 609-8600

<image001.png>

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Mangold, Donna

From: Mangold, Donna
Sent: Thursday, January 17, 2019 10:59 AM
To: Jones, Diane
Cc: Delekta, Amanda; Frola, Michael
Subject: RE: Dream Center Education Receivership

Diane, given the nature of this discussion, I recommend that we include Tara Sikora and Julie Arthur also, since Mike may be calling us from the train in transit from Philadelphia.

From: Jones, Diane
Sent: Thursday, January 17, 2019 10:51 AM
To: Mangold, Donna; Frola, Michael; Bennett, Ron; Minor, Robin; Finley, Steve; Hill, Elizabeth; Delekta, Amanda
Subject: Fwd: Dream Center Education Receivership

Amanda,

Can you get a call scheduled with everyone on his email for early afternoon? We need to put an action plan in place and notify states and accreditors, etc.

Diane

Sent from my iPhone

Begin forwarded message:

From: Randall Barton <rbarton4953@gmail.com>
Date: January 17, 2019 at 9:46:35 AM EST
To: "Jones, Diane" <diane.jones@ed.gov>
Subject: **Dream Center Education Receivership**

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

Diane;

As you requested we are providing 24 hour notice that Dream Center Education Holdings, Argosy University and our remaining Art Institutes will be moving into receivership in order to provide an orderly conclusion to our restructuring plan including transitioning Argosy University to a new purchaser.

Thank-you so much for your continued assistance. It is deeply appreciated.

--

Randall K. Barton, Esq.
Chairman of the Board
Dream Center Education Holdings
Mobile: 918-200-1000

Lee Carey, Katherine

From: Lee Carey, Katherine
Sent: Thursday, January 17, 2019 3:12 PM
To: Mangold, Donna
Cc: clbrown@aii.edu; Lemorgan@aii.edu; Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Arthur, Julie; Finley, Steve; Glass, Jonathon
Subject: RE: Art Institute - Seattle

My pleasure.

Katherine (Kate) Lee Carey

Cooley LLP
4401 Eastgate Mall
San Diego, CA 92121-1909
+1 858 550 6089 office
+1 858 550 6420 fax
kleecarey@cooley.com
www.cooley.com/people/katherine-lee-carey
www.cooley.com/services/practice/education
www.ed.cooley.com

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From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Thursday, January 17, 2019 12:06 PM
To: Lee Carey, Katherine <kleecarey@cooley.com>
Cc: clbrown@aii.edu; Lemorgan@aii.edu; Jones, Diane <Diane.Jones@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Arthur, Julie <Julie.Arthur@ed.gov>; Finley, Steve <Steve.Finley@ed.gov>; Glass, Jonathon <jglass@cooley.com>
Subject: RE: Art Institute - Seattle

Thank you for the updated information. I will re-send to Ron and delete Chancellor Brown also.

From: Lee Carey, Katherine [<mailto:kleecarey@cooley.com>]
Sent: Thursday, January 17, 2019 2:57 PM
To: Mangold, Donna
Cc: clbrown@aii.edu; Lemorgan@aii.edu; Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Arthur, Julie; Finley, Steve; Glass, Jonathon
Subject: RE: Art Institute - Seattle

Dear Donna,

Cooley is not representing the Art Institute campuses that did not come under EPF as part of the transaction. Our client is Art Institutes International (AII), which only holds the membership interest in the Miami, Atlanta and Houston campuses and their branches. Claude Brown is Chancellor only to those same institutions.

All of the other campuses remain with DCEH (including AI – Seattle, AI – Las Vegas, AI- Hollywood and AI - San Diego) and are being represented by DCEH's counsel, Ron Holt, as far as I know.

Ron's email address, in case you don't have it, is rholt@rousefrets.com.

Katherine (Kate) Lee Carey

Cooley LLP

4401 Eastgate Mall

San Diego, CA 92121-1909

+1 858 550 6089 office

+1 858 550 6420 fax

kleecarey@cooley.com

www.cooley.com/people/katherine-lee-carey

www.cooley.com/services/practice/education

www.ed.cooley.com

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From: Mangold, Donna <Donna.Mangold@ed.gov>

Sent: Thursday, January 17, 2019 11:47 AM

To: Lee Carey, Katherine <kleecarey@cooley.com>

Cc: cbrown@aii.edu; Lemorgan@aii.edu; Jones, Diane <Diane.Jones@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Arthur, Julie <Julie.Arthur@ed.gov>; Finley, Steve <Steve.Finley@ed.gov>

Subject: Art Institute - Seattle

Kate,

The Department's understanding is that (at least for the time being) you are generally acting as counsel for all of the Art Institutes – both for the Ongoing Schools under EPF and the Excluded Schools that remain under DCEH ownership. Please let me know promptly if that is incorrect. Similarly, our understanding is that Dr. Brown remains as system-wide chancellor.

In light of the suspension from the Washington Student Achievement Council (letter attached), coupled with today's communication from the Dream Center that the remaining Art Institutes, Argosy and DCEH are going into receivership tomorrow, we need an accurate update on Seattle's current enrollment -- the update should provide the following information in a sortable excel format, with the enrollment status current as of today:

- student name
- four-digit social security number
- program of study
- program start date
- anticipated completion date
- enrollment status as of January 17, 2019 (*e.g.*, began current term, withdrawn date, leave of absence begin date)

Please let me know as soon as possible when you expect the information to be provided to us. Thanks in advance for your help on this.

Donna

Donna S. Mangold
Attorney
Office of General Counsel

Division of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, S.W.
Room 6E108
Washington, D.C. 20202-2110
202-453-6710

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Morgan, Lindsey E.

From: Morgan, Lindsey E.
Sent: Thursday, January 17, 2019 10:27 PM
To: Mangold, Donna; Ronald L. Holt
Cc: Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Arthur, Julie; Finley, Steve
Subject: RE: Art Institute - Seattle

Hello Donna –

I have received your email, and I appreciate you reaching out. I will work with Ron to get you the information requested.

I hope you have a nice evening,

-Lindsey

Lindsey Morgan Oliger
Campus Director
lemorgan@aii.edu
P 800.275.2471
O 206.239.2314

2323 Elliott Avenue / Seattle, WA 98121
artinstitutes.edu/Seattle



Check us out online:

FACEBOOK: <https://www.facebook.com/ArtInstituteofSeattle>

LINKED IN: <http://www.linkedin.com/company/art-institute-of-seattle>

From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Thursday, January 17, 2019 12:29 PM
To: Ronald L. Holt <rholt@rousefrets.com>
Cc: Morgan, Lindsey E. <lemorgan@aii.edu>; Jones, Diane <Diane.Jones@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Arthur, Julie <Julie.Arthur@ed.gov>; Finley, Steve <Steve.Finley@ed.gov>
Subject: RE: Art Institute - Seattle

Thanks, and let us know when your client will be able to provide the requested enrollment data for Seattle.

From: Ronald L. Holt [<mailto:rholt@rousefrets.com>]

Sent: Thursday, January 17, 2019 3:27 PM

To: Mangold, Donna

Cc: Lemorgan@aii.edu; Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Arthur, Julie; Finley, Steve; Glass, Jonathon

Subject: RE: Art Institute - Seattle

Dear Donna: This confirms that I am acting as counsel for DCEH, Argosy University and for all retained schools, i.e., schools not transferred to Education Principle Foundation, which includes all teach-out schools, Ai Seattle and Ai Pittsburgh. Ron

Ronald L. Holt

Attorney

**ROUSE FRETS WHITE GOSS
GENTILE RHODES, P.C.**

O 816.292.7600 || D 816.292.7604 || C 816.509.5194 || F 913.928.6739 || rholt@rousepc.com

1100 Walnut Street, Suite 2900 || Kansas City, Missouri 64106

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From: Mangold, Donna [<mailto:Donna.Mangold@ed.gov>]

Sent: Thursday, January 17, 2019 2:10 PM

To: Ronald L. Holt

Cc: Lemorgan@aii.edu; Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Arthur, Julie; Finley, Steve; Glass, Jonathon

Subject: RE: Art Institute - Seattle

Ron,

Please confirm your representation of all of the Art Institutes that remain with DCEH and please see the message below that I sent to Kate Carey earlier this afternoon regarding Ai-Seattle. In addition, we understand that you are now counsel for DCEH and Argosy as well.

From: Lee Carey, Katherine [<mailto:kleecarey@cooley.com>]

Sent: Thursday, January 17, 2019 2:57 PM

To: Mangold, Donna

Cc: clbrown@aii.edu; Lemorgan@aii.edu; Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Arthur, Julie; Finley, Steve; Glass, Jonathon

Subject: RE: Art Institute - Seattle

Dear Donna,

Cooley is not representing the Art Institute campuses that did not come under EPF as part of the transaction. Our client is Art Institutes International (AII), which only holds the membership interest in the Miami, Atlanta and Houston campuses and their branches. Claude Brown is Chancellor only to those same institutions.

All of the other campuses remain with DCEH (including AI – Seattle, AI – Las Vegas, AI- Hollywood and AI - San Diego)

and are being represented by DCEH's counsel, Ron Holt, as far as I know.

Ron's email address, in case you don't have it, is rholt@rousefrets.com.

Katherine (Kate) Lee Carey

Cooley LLP
4401 Eastgate Mall
San Diego, CA 92121-1909
+1 858 550 6089 office
+1 858 550 6420 fax
kleeccarey@cooley.com
www.cooley.com/people/katherine-lee-carey
www.cooley.com/services/practice/education
www.ed.cooley.com

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From: Mangold, Donna <Donna.Mangold@ed.gov>

Sent: Thursday, January 17, 2019 11:47 AM

To: Lee Carey, Katherine <kleeccarey@cooley.com>

Cc: clbrown@aii.edu; Lemorgan@aii.edu; Jones, Diane <Diane.Jones@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Arthur, Julie <Julie.Arthur@ed.gov>; Finley, Steve <Steve.Finley@ed.gov>

Subject: Art Institute - Seattle

Kate,

The Department's understanding is that (at least for the time being) you are generally acting as counsel for all of the Art Institutes – both for the Ongoing Schools under EPF and the Excluded Schools that remain under DCEH ownership. Please let me know promptly if that is incorrect. Similarly, our understanding is that Dr. Brown remains as system-wide chancellor.

In light of the suspension from the Washington Student Achievement Council (letter attached), coupled with today's communication from the Dream Center that the remaining Art Institutes, Argosy and DCEH are going into receivership tomorrow, we need an accurate update on Seattle's current enrollment -- the update should provide the following information in a sortable excel format, with the enrollment status current as of today:

- student name
- four-digit social security number
- program of study
- program start date
- anticipated completion date
- enrollment status as of January 17, 2019 (e.g., began current term, withdrawn date, leave of absence begin date)

Please let me know as soon as possible when you expect the information to be provided to us. Thanks in advance for your help on this.

Donna

Donna S. Mangold
Attorney

Office of General Counsel
Division of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, S.W.
Room 6E108
Washington, D.C. 20202-2110
202-453-6710

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Mangold, Donna

From: Mangold, Donna
Sent: Saturday, January 19, 2019 9:49 AM
To: Jones, Diane; Minor, Robin; Frola, Michael; Bennett, Ron; Arthur, Julie; Sikora, Tara; Finley, Steve
Subject: Receivership

(b)(5)

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Jacobson, Jonathan E. (CIV)" <Jonathan.E.Jacobson@usdoj.gov>
Date: 1/19/19 8:35 AM (GMT-05:00)
To: "Mangold, Donna" <Donna.Mangold@ed.gov>
Cc: "Finley, Steve" <Steve.Finley@ed.gov>
Subject: Re: another potential receivership

Donna,

It looks like Argosy's parent filed for a receivership yesterday.
See <https://www.google.com/amp/s/amp.mprnews.org/story/2019/01/18/minnesota-officials-concerned-argosy-university-parent-receivership->

Jonathan

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Mangold, Donna" <Donna.Mangold@ed.gov>
Date: 1/18/19 12:00 PM (GMT-05:00)
To: "Jacobson, Jonathan E. (CIV)" <jjacobso@CIV.USDOJ.GOV>
Cc: "Finley, Steve" <Steve.Finley@ed.gov>
Subject: Re: another potential receivership

Thank you Jonathan, I will send you anything as soon as we get it

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Jacobson, Jonathan E. (CIV)" <Jonathan.E.Jacobson@usdoj.gov>
Date: 1/18/19 11:40 AM (GMT-05:00)
To: "Mangold, Donna" <Donna.Mangold@ed.gov>
Cc: "Finley, Steve" <Steve.Finley@ed.gov>
Subject: Re: another potential receivership

Donna,

(b)(5)

Jonathan

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Mangold, Donna" <Donna.Mangold@ed.gov>
Date: 1/18/19 8:10 AM (GMT-05:00)
To: "Jacobson, Jonathan E. (CIV)" <jjacobso@CIV.USDOJ.GOV>
Cc: "Finley, Steve" <Steve.Finley@ed.gov>
Subject: Re: another potential receivership

(b)(5)

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Mangold, Donna" <Donna.Mangold@ed.gov>
Date: 1/18/19 8:03 AM (GMT-05:00)
To: "Jacobson, Jonathan E. (CIV)" <Jonathan.E.Jacobson@usdoj.gov>
Cc: "Finley, Steve" <Steve.Finley@ed.gov>
Subject: another potential receivership

Jonathan,

(b)(5)

Donna Mangold
202-453-6710

Jones, Diane

From: Jones, Diane
Sent: Tuesday, January 22, 2019 2:54 PM
To: Minor, Robin; Mangold, Donna; Finley, Steve; Bennett, Ron; Frola, Michael
Cc: Delekta, Amanda
Subject: RE: Dream Center Bi-Weekly Meeting

Hi everyone,

I just realized that I need to meet with the Secretary from 3:15 to 4pm. Could we try to find time tomorrow to discuss DCEH? Sorry about the change.

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
202-453-7333
Diane.jones@ed.gov

From: Minor, Robin
Sent: Tuesday, January 22, 2019 2:37 PM
To: Mangold, Donna; Jones, Diane; Finley, Steve; Bennett, Ron; Frola, Michael
Subject: RE: Dream Center Bi-Weekly Meeting

Thanks!

From: Mangold, Donna
Sent: Tuesday, January 22, 2019 2:23 PM
To: Jones, Diane; Finley, Steve; Minor, Robin; Bennett, Ron; Frola, Michael
Subject: RE: Dream Center Bi-Weekly Meeting

Just spoke to Diane -- we will meet today to catch up on recent events.

-----Original Appointment-----

From: Jones, Diane
Sent: Thursday, August 09, 2018 5:08 PM
To: Jones, Diane; Johnson, Wayne; Riemer, Jeffrey (Justin); Finley, Steve; Mangold, Donna; Minor, Robin; Smith, Kathleen (Kathleen.Smith@ed.gov)
Subject: Dream Center Bi-Weekly Meeting
When: Tuesday, January 22, 2019 3:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: LBJ OUS Conf Room 7E307

Will adjust as necessary.

[Join Skype Meeting](#)

Trouble Joining? [Try Skype Web App](#)

Join by phone

[+12029910393](#) (Dial-in Number)

English (United States)

[Find a local number](#)

Conference ID:

[Forgot your dial-in PIN?](#) | [Help](#)

Mangold, Donna

From: Mangold, Donna
Sent: Wednesday, January 23, 2019 9:45 AM
To: Frola, Michael; Jones, Diane; Minor, Robin; Finley, Steve; Bennett, Ron
Subject: RE: Higher Ed coverage of receivership

(b)(5)

From: Frola, Michael
Sent: Wednesday, January 23, 2019 8:31 AM
To: Jones, Diane; Mangold, Donna; Minor, Robin; Finley, Steve; Bennett, Ron
Subject: RE: Higher Ed coverage of receivership

Here is the most recent student enrollment information for South University. The locations marked in red are the ones that we believe are closing or have closed. There was only 136 students at these sites as of 12/10.

| OPEID | Main Name | Location Name | City | State | Teach out - expected Closure Date | FT Students as of 12/10/18 | PT Students as of 12/10/18 |
|----------|------------------|---|----------------------|-------|-----------------------------------|----------------------------|----------------------------|
| 01303900 | South University | South University | Savannah | GA | | 553 | 375 |
| 01303904 | South University | South University - West Palm Beach Campus | Royal Palm Beach | FL | | 181 | 59 |
| 01303906 | South University | South University - Montgomery | Montgomery | AL | | 115 | 27 |
| 01303907 | South University | South University - Columbia | Columbia | SC | | 204 | 70 |
| 01303908 | South University | South University - Tampa | Tampa | FL | | 161 | 61 |
| 1303909 | South University | South University - Art Institute of Atlanta | Atlanta | GA | | | |
| 01303910 | South University | South University - Richmond | Glenn Allen | VA | | 132 | 41 |
| 01303911 | South University | South University - Virginia Beach | Virginia Beach | VA | | 122 | 30 |
| 01303914 | South University | South University - Novi | Novi | MI | 12/31/19 | 29 | |
| 01303915 | South University | South University - Austin | Round Rock | TX | | 94 | 23 |
| 01303922 | South University | South University - Cleveland | Warrensville Heights | OH | 12/31/19 | 45 | (b)(6) |
| 01303923 | South University | South University - High Point | High Point | NC | 12/31/19 | 23 | |
| 01303926 | South University | South University - Orlando ATS | Orlando | FL | | 19 | 12 |
| | | | | | | 1678 | 706 |
| | | | | | | Total: | 2384 |

From: Frola, Michael
Sent: Wednesday, January 23, 2019 8:13 AM
To: Jones, Diane; Mangold, Donna; Minor, Robin; Finley, Steve; Bennett, Ron
Subject: RE: Higher Ed coverage of receivership

Good morning,

We sent Dennis the information below on Friday, so they knew that we considered all 13 locations as part of South University when Education Principles Foundation took over the schools.

We requested teach out plans for the 5 schools.

Question about South University locations:

When a main OPEID has a change in control all the additional locations remain with under the main OPEID.

| 1. | 01303900 | South University | South University |
|----|----------|------------------|---|
| 2. | | | South University - West Palm Beach Campus |
| | 01303904 | South University | |
| 3. | 01303906 | South University | South University - Montgomery |
| 4. | 01303907 | South University | South University - Columbia |
| 5. | 01303908 | South University | South University - Tampa |
| 6. | 01303910 | South University | South University - Richmond |
| 7. | 01303911 | South University | South University - Virginia Beach |
| 8. | 01303915 | South University | South University - Austin |

Based on our understanding - Education Principles Foundations only wants to take over the locations listed above leaving the following locations with DCEH.

| | | | |
|----|----------|------------------|---|
| 1. | 01303909 | South University | South University - Art Institute of Atlanta |
| 2. | 01303914 | South University | South University - Novi |
| 3. | 01303922 | South University | South University - Cleveland |
| 4. | 01303923 | South University | South University - High Point |
| 5. | 01303926 | South University | South University - Orlando ATS |

However, for the Purposes of Title IV, Education Principles Foundation assumed control of all 13 locations when the main South University came under control of the Foundation. Therefore, please provide the Department with teach out plans for the 5 locations listed above.

-Mike

From: Jones, Diane
Sent: Tuesday, January 22, 2019 10:25 PM
To: Mangold, Donna; Frola, Michael; Minor, Robin; Finley, Steve; Bennett, Ron
Subject: RE: Higher Ed coverage of receivership

I suspect Randall contacted Studio as soon as I raised the issue with him about the fact that DCEH doesn't own any South University campuses any longer.

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
202-453-7333
Diane.jones@ed.gov

From: Mangold, Donna
Sent: Tuesday, January 22, 2019 10:07 PM
To: Jones, Diane; Frola, Michael; Minor, Robin; Finley, Steve; Bennett, Ron
Subject: Re: Higher Ed coverage of receivership

Studio has just sent me an email requesting a call with the Department I requested details about participants and availability.

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Jones, Diane" <Diane.Jones@ed.gov>
Date: 1/22/19 9:34 PM (GMT-05:00)
To: "Mangold, Donna" <Donna.Mangold@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>, "Finley, Steve" <Steve.Finley@ed.gov>, "Bennett, Ron" <Ron.Bennett@ed.gov>
Subject: RE: Higher Ed coverage of receivership

(b)(5)

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
202-453-7333
Diane.jones@ed.gov

From: Mangold, Donna
Sent: Tuesday, January 22, 2019 8:24 PM
To: Jones, Diane; Frola, Michael; Minor, Robin; Finley, Steve; Bennett, Ron
Subject: Re: Higher Ed coverage of receivership

Same guy... Dottore. It was filed in Ohio.

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Jones, Diane" <Diane.Jones@ed.gov>

Date: 1/22/19 8:22 PM (GMT-05:00)

To: "Mangold, Donna" <Donna.Mangold@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>, "Finley, Steve" <Steve.Finley@ed.gov>, "Bennett, Ron" <Ron.Bennett@ed.gov>

Subject: RE: Higher Ed coverage of receivership

I just did an OPEID look-up, and sure enough, the MI and OH campuses are part of the South main. I, too, had this conversation with Dennis weeks ago before I boarded my plane to SC – I told him that going into receivership in Ohio was not possible now that DCEH didn't own the Cleveland campus of South anymore. And we had several conversations with Studio about them NOT being able to take a main without also taking the additional locations that were still operating.

(b)(5) Do we know who the receiver is?
Diane

Diane Auer Jones
Principal Deputy Under Secretary
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U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202
202-453-7333
Diane.jones@ed.gov

From: Mangold, Donna
Sent: Tuesday, January 22, 2019 8:13 PM
To: Jones, Diane; Frola, Michael; Minor, Robin; Finley, Steve; Bennett, Ron
Subject: Re: Higher Ed coverage of receivership

(b)(5)

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Jones, Diane" <Diane.Jones@ed.gov>

Date: 1/22/19 7:32 PM (GMT-05:00)

To: "Mangold, Donna" <Donna.Mangold@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>, "Finley, Steve" <Steve.Finley@ed.gov>, "Bennett, Ron" <Ron.Bennett@ed.gov>

Subject: FW: Higher Ed coverage of receivership

(b)(5)

(b)(5) Mike, do you happen to know which OPEID these campuses are part of?
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
202-453-7333
Diane.jones@ed.gov

From: Randall Barton [mailto:rbarton4953@gmail.com]
Sent: Monday, January 21, 2019 12:15 PM
To: Jones, Diane
Cc: Randall Barton
Subject: Fwd: Higher Ed coverage of receivership

Diane;

As a follow up to our previous communications attached is our initial communication plans. Some of the statements were specifically required by WASC so we have made them part of all the communications.

If you have any questions or concerns please let me know.

----- Forwarded message -----

From: Dean, Anne <adean@dcedh.org>
Date: Mon, Jan 21, 2019 at 8:03 AM
Subject: Higher Ed coverage of receivership
To: Randall Barton <rbarton4953@gmail.com>
Cc: Carson, Monica <mocarson@dcedh.org>

Attached are all completed materials combined into one packet for the Department of Education. Tomorrow, we will prep and send messages to employees and students. Please let me know if you need these materials in any other format for today.

Thank You,
Anne Dean, APR
Senior Director of Communications
Office: 714.267.7667 | Email: adean@dcedh.org



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--
Randall K. Barton, JD
Chairman of the Board
Dream Center Education Holdings
Mobile: 918-200-1000

Mangold, Donna

From: Mangold, Donna
Sent: Friday, January 25, 2019 10:21 AM
To: Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Finley, Steve
Subject: FW: Dream Center: Proposed Letter
Attachments: DOJ Letter to DCEH and Receiver - v.2.docx

(b)(5)

From: Jacobson, Jonathan E. (CIV) [mailto:Jonathan.E.Jacobson@usdoj.gov]
Sent: Friday, January 25, 2019 9:58 AM
To: Mangold, Donna; Finley, Steve
Cc: Randolph, Lloyd (CIV); Pham, Danielle (CIV)
Subject: Dream Center: Proposed Letter

Donna and Steve,

(b)(5)

Thanks,

Jonathan

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Jones, Diane

From: Jones, Diane
Sent: Friday, January 25, 2019 11:02 PM
To: Frola, Michael
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron
Subject: RE: DCEH Art Institutes HCM2 Letter - Funds Release

Just an FYI - (b)(5)

(b)(5)

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
202-453-7333
Diane.jones@ed.gov

From: Frola, Michael
Sent: Friday, January 25, 2019 2:26 PM
To: Jones, Diane
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron
Subject: RE: DCEH Art Institutes HCM2 Letter - Funds Release

Got it.
Thanks,
Mike

From: Jones, Diane
Sent: Friday, January 25, 2019 2:25 PM
To: Frola, Michael
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron
Subject: RE: DCEH Art Institutes HCM2 Letter - Funds Release

(b)(5)

Thanks,
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
202-453-7333
Diane.jones@ed.gov

From: Frola, Michael
Sent: Friday, January 25, 2019 1:50 PM
To: Jones, Diane
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron; Frola, Michael
Subject: DCEH Art Institutes HCM2 Letter - Funds Release

Hi Diane,

(b)(5)

Please email me back which option you think we should go with.

Thanks,
-Mike

(b)(5)

Jones, Diane

From: Jones, Diane
Sent: Tuesday, January 29, 2019 10:07 PM
To: Sikora, Tara; Frola, Michael
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Bennett, Ron
Subject: RE: DCEH Art Institutes HCM2 Letter - Funds Release

Thanks, Tara!

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
202-453-7333
Diane.jones@ed.gov

From: Sikora, Tara
Sent: Tuesday, January 29, 2019 9:36 AM
To: Jones, Diane; Frola, Michael
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Bennett, Ron
Subject: RE: DCEH Art Institutes HCM2 Letter - Funds Release

Diane,

I worked with (b)(6) yesterday - the Argosy student you put me in contact with via email. I asked her to send me a copy of her student account ledger (attached, but (b)(6)). Direct loan funds were posted to her account on January 7, 2019, that created a \$9,605 credit balance. The funds have been posted to her account for 22 days. I know Argosy is currently waiting for us to pay for its most recent roster request, but the credit balances should still be paid within the 14 day timeframe.

I will forward you the institution's explanation and the password for the ledger following this email. I've asked (b)(6) to share the school's response to the email that I am forwarding, but have not received anything yet.

Tara

From: Jones, Diane
Sent: Monday, January 28, 2019 10:41 PM
To: Frola, Michael
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron
Subject: RE: DCEH Art Institutes HCM2 Letter - Funds Release

Thanks!

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
202-453-7333
Diane.jones@ed.gov

From: Frola, Michael
Sent: Monday, January 28, 2019 9:23 PM
To: Jones, Diane
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron
Subject: Re: DCEH Art Institutes HCM2 Letter - Funds Release

Hello,
We received the payment from Argosy this past Saturday, but they forgot to send the password until we reminded them this afternoon. We should be able to get the funds released tomorrow and the funds will be available 25 to 48 hours.
Thanks, Mike

Sent from my iPhone

On Jan 28, 2019, at 8:30 PM, Jones, Diane <Diane.Jones@ed.gov> wrote:

Hi Mike,
Apparently stipends have not been paid for students who started in January 7th. The receiver knows that paying students is the top priority. Do you know when these funds will be released? Also, who do these funds get released to? Do the funds go to Argosy directly?

Donna,

(b)(5)

Thanks
Diane

Sent from my iPhone

On Jan 25, 2019, at 2:25 PM, Frola, Michael <Michael.Frola@ed.gov> wrote:

Got it.
Thanks,
Mike

From: Jones, Diane
Sent: Friday, January 25, 2019 2:25 PM
To: Frola, Michael
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron
Subject: RE: DCEH Art Institutes HCM2 Letter - Funds Release

(b)(5)

Thanks,
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
202-453-7333
Diane.jones@ed.gov

From: Frola, Michael
Sent: Friday, January 25, 2019 1:50 PM
To: Jones, Diane
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron; Frola, Michael
Subject: DCEH Art Institutes HCM2 Letter - Funds Release

Hi Diane,

(b)(5)

Please email me back which option you think we should go with.

Thanks,
-Mike

(b)(5)

(b)(5)

Jones, Diane

From: Jones, Diane
Sent: Wednesday, January 30, 2019 8:51 PM
To: Bennett, Ron
Cc: Frola, Michael; Minor, Robin; Mangold, Donna; Finley, Steve
Subject: RE: Response: FSA Feedback Case: 01536301

Hi Ron,

(b)(5)

It has been a privileged to work with all of you and I appreciate all of your help and wise counsel throughout this ordeal. Thanks for explaining the source of the email referral. It surprised me yesterday, but now it all makes sense.
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
202-453-7333
Diane.jones@ed.gov

From: Bennett, Ron
Sent: Wednesday, January 30, 2019 5:08 PM
To: Jones, Diane
Cc: Frola, Michael; Minor, Robin; Mangold, Donna; Finley, Steve
Subject: RE: Response: FSA Feedback Case: 01536301

Diane,

(b)(5)

Students can call 844-651-0077 and an FSA representative will assist in submitting the inquiry/complaint; or students can be referred to the link to the FSA Feedback System to complete the web-based complaint submission process: www.feedback.studentaid.gov . We already today provided updated information to our Complaint Resolution Specialists who receive most of these types of student inquires.

Thanks,

Ron Bennett, Director
School Eligibility Service Group
202-377-3181 office
202-557-1010 mobile

From: Jones, Diane
Sent: Tuesday, January 29, 2019 6:29 PM
To: Mangold, Donna; Frola, Michael; Finley, Steve
Subject: FW: Response: FSA Feedback Case: 01536301 [ref:_00Dt0Gyiq._500t0ErIWh:ref]

(b)(5)

Thanks,
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
202-453-7333
Diane.jones@ed.gov

From: (b)(6)@yahoo.com]
Sent: Tuesday, January 29, 2019 9:40 AM
To: Jones, Diane; (b)(6)
Subject: Fw: Response: FSA Feedback Case: 01536301 [ref:_00Dt0Gyiq._500t0ErIWh:ref]

Good Morning Diane,

There has been a series of events going on with Argosy University. Last week the students received an email

from the Chancellor stating that our parent company will be selling its assets to another company. However, after a colleague of mine did more research into this matter, we discovered more information that was not communicated to us in the beginning.

1. Argosy University has been placed on a Heightened Cash Monitoring 2 status due violating or not being compliant with Standard 3 of the 2013 Handbook of Accreditation.
2. Our federal aid was applied to our student accounts and have left us with a credit balance for over 3 weeks now. When we reach out to ask about timelines and when will students be able to receive their stipends, we are told different answers or don't even receive a response at all.
3. It was brought to our attention that the school has up to 14 days to disburse stipends to students according to the US Department of Education policies. I am not sure if this information is accurate since the school is in receivership status.

Any update you can provide, would be greatly appreciated. Our student body-at-large continues to request updates from the school but we have not received any information that makes sense to us.

Thank you in advance for your assistance.

Respectfully,

(b)(6)

[Sent from Yahoo Mail for iPhone](#)

Begin forwarded message:

On Monday, January 28, 2019, 2:03 PM, Student Aid Feedback <studentaidfeedback@ed.gov> wrote:



1/28/2019

Dear (b)(6)

Thank you for your question/inquiry regarding Argosy University. Activities regarding Dream Center Education Holdings (Art Institutes, Argosy University and South University) school closures are being coordinated by Diane Auer Jones and she can be reached at diane.jones@ed.gov.

Sincerely,

Anne Krohn

Complaint Resolution Specialist

School Eligibility Service Group

Federal Student Aid/Program Compliance

U.S. Department of Education

To respond to this email, please reply to this email thread without modifying the Subject line. That way, your response will automatically attach to your case.



ref:_00Dt0Gyiq,_500t0ErIWh.ref

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

Frola, Michael

From: Frola, Michael
Sent: Tuesday, February 5, 2019 11:58 AM
To: Jones, Diane; Mangold, Donna
Subject: RE: Draw down

I've asked the team to get the bank name, routing numbers, and full account number. Each location for Argosy has a different DUNS, so theoretically they can all have different bank account numbers. However, if all the funds are flowing to the same bank the routing number will all be the same.

From: Jones, Diane
Sent: Tuesday, February 05, 2019 11:52 AM
To: Mangold, Donna; Frola, Michael
Subject: RE: Draw down

I'm sorry, I meant (b)(4)

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
202-453-7333
Diane.jones@ed.gov

From: Jones, Diane
Sent: Tuesday, February 05, 2019 11:51 AM
To: Mangold, Donna; Frola, Michael
Subject: RE: Draw down

(b)(5)

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
202-453-7333
Diane.jones@ed.gov

From: Mangold, Donna
Sent: Tuesday, February 05, 2019 9:29 AM
To: Frola, Michael; Jones, Diane
Subject: Re: Draw down

I will call Altorelli

----- Original message -----

From: "Frola, Michael" <Michael.Frola@ed.gov>
Date: 2/5/19 9:26 AM (GMT-05:00)
To: "Jones, Diane" <Diane.Jones@ed.gov>
Cc: "Mangold, Donna" <Donna.Mangold@ed.gov>
Subject: RE: Draw down

I've emailed the payment analyst to see where this first round of funds were deposited:

On or about January 15, 2019 the Department released the following funds:

| School Name | Amount Requested |
|-------------------------|-------------------------|
| Ai Seattle (DCEH) | 934,697 |
| Argosy (DCEH) | 9,769,563 |
| Ai Pittsburgh (DCEH) | 1,110,591 |
| Subtotal (DCEH Schools) | 11,814,851 |

From: Jones, Diane
Sent: Tuesday, February 05, 2019 9:24 AM
To: Frola, Michael
Cc: Mangold, Donna
Subject: RE: Draw down

(b)(5)

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
202-453-7333
Diane.jones@ed.gov

From: Frola, Michael
Sent: Tuesday, February 05, 2019 9:23 AM
To: Jones, Diane
Cc: Mangold, Donna
Subject: RE: Draw down

(b)(5)

From: Jones, Diane
Sent: Tuesday, February 05, 2019 9:20 AM
To: Frola, Michael
Cc: Mangold, Donna
Subject: RE: Draw down

(b)(5)

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
202-453-7333
Diane.jones@ed.gov

From: Frola, Michael
Sent: Tuesday, February 05, 2019 9:15 AM
To: Jones, Diane
Subject: RE: Draw down

Yes. Unfortunately, the Receiver was not appointed until 1/18/19 so I wonder what happened to the first round of funds we released on 1/15/18.

From: Jones, Diane
Sent: Tuesday, February 05, 2019 9:10 AM
To: Frola, Michael
Subject: Re: Draw down

Oh - and the \$7.9m released for Jan 7th was in addition to that?
Diane

Sent from my iPhone

On Feb 5, 2019, at 8:33 AM, Frola, Michael <Michael.Frola@ed.gov> wrote:

Hi Diane,
I sent this information to Mark in an email last Friday.

Over the past 2 weeks the Department has released approximately \$14.5M in title IV funds for Argosy and the remaining Art Institutes under the receivership.

On or about January 15, 2019 the Department released the following funds:

| <u>School Name</u> | <u>Amount Requested</u> |
|--------------------|-------------------------|
| Ai Seattle (DCEH) | 934,697 |

| | |
|-------------------------------|------------------|
| Argosy (DCEH) | 9,769,563 |
| Ai Pittsburgh (DCEH) | 1,110,591 |
| <hr/> Subtotal (DCEH Schools) | <hr/> 11,814,851 |

In the past week we released \$2,824,880.00 for just Argosy based on the 1/26/19 roster request from Dr. Baum.

Given the amount of funds released to date it is imperative that student stipends are paid immediately. To help us dealing with incoming student complaints can you please send us a list of all students that are owed stipends?

Do you want me to follow-up with Mark today about the stipends and the list of students with credit balances. I just spoke with Tara and she's gotten a few more calls from students.

Thanks,
Mike

From: Jones, Diane
Sent: Monday, February 04, 2019 6:18 PM
To: Frola, Michael
Subject: RE: Draw down

That is so strange. Mark is saying that it hasn't yet been drawn down.

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
202-453-7333
Diane.jones@ed.gov

From: Frola, Michael
Sent: Monday, February 04, 2019 4:58 PM
To: Jones, Diane
Subject: Fwd: Draw down

Hi Diane, The most recent funds request for Argosy was completed last Tuesday. Thanks, Mike

Sent from my iPhone

Begin forwarded message:

From: "Miles, Eric" <Eric.Miles@ed.gov>
Date: February 4, 2019 at 2:52:59 PM EST
To: "Frola, Michael" <Michael.Frola@ed.gov>, "Karayianis, George" <George.Karayianis@ed.gov>
Cc: "Sikora, Tara" <Tara.Sikora@ed.gov>
Subject: RE: Draw down

Hello Mike,

I checked G5 and all of the records have a status of "Confirmed" with a deposit date of 1/29/2019 to bank account (b)(4)

Thanks,

Eric Miles
Multi-Regional and Foreign Schools Participation Division
Office: (202) 377-4095



From: Frola, Michael
Sent: Monday, February 4, 2019 11:14 AM
To: Miles, Eric <Eric.Miles@ed.gov>; Karayianis, George <George.Karayianis@ed.gov>
Cc: Sikora, Tara <Tara.Sikora@ed.gov>
Subject: Fwd: Draw down

Hi Eric and George, Can you check on Argosy's recent fund request?
Thanks, Mike

Sent from my iPhone

Begin forwarded message:

From: "Jones, Diane" <Diane.Jones@ed.gov>
Date: February 4, 2019 at 9:37:25 AM EST
To: "Frola, Michael" <Michael.Frola@ed.gov>
Subject: Draw down

Hi Mike,
Can you check to see if Argosy got their funds? Dotorre is saying they didn't.
Thanks
Diane

Sent from my iPhone

Jones, Diane

From: Jones, Diane
Sent: Tuesday, February 5, 2019 5:44 PM
To: Mangold, Donna; Finley, Steve; Frola, Michael; Minor, Robin
Subject: FW: Dream Center Education Holdings
Attachments: DOC089.pdf

Attached is a letter from Mark Dottore that is halting the teach-outs of Ai Pittsburgh, Las Vegas and Hollywood.
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
202-453-7333
Diane.jones@ed.gov

From: Mark Dottore [mailto:mark@dottoreco.com]
Sent: Monday, February 04, 2019 2:40 PM
To: Jones, Diane
Subject: Dream Center Education Holdings

Ms. Jones,

Attached please find correspondence regarding the above referenced manner.

Mark E. Dottore

DOTTORE  COMPANIES, LLC

2344 Canal Road
Cleveland, Ohio 44113
216-771-0727
Go with God, Fight with heart

February 4, 2019

Diane Auer Jones
Principal Deputy Undersecretary
United State Department of Education
400 Maryland Ave. SW
Washington, D.C. 20202

Dear Ms. Jones

As the court appointed receiver for Dream Center Education Holdings (DCEH), I wanted to reach out to inform you of my decision to rescind the notification of a planned teach out for the Art Institute of Pittsburgh, the Art Institute of Las Vegas and the Art Institute of California, Hollywood (a campus of Argosy University).

As you know, DCEH announced it had entered into federal receivership on Friday, January 18. The federal court has appointed me custodian of DCEH's business operations. My initial review of DCEH operations has prompted me to call a halt to the planned teach outs, allowing me time to conduct an independent assessment and analysis to make a determination for the campuses going forward. Until then, The Art Institutes of Pittsburgh, Las Vegas and Hollywood will continue to teach and support students.

Campus leadership will communicate this decision to students, faculty and staff today.

The continued support of the US Department of Education is appreciated. I will keep you informed as the receivership progresses.

Sincerely,

(b)(6)

Mark E. Dottore
Receiver

DOTTORE



COMPANIES, LLC

Finley, Steve

From: Finley, Steve
Sent: Wednesday, February 13, 2019 11:54 AM
To: Jones, Diane; Mangold, Donna; Minor, Robin; Bennett, Ron; Frola, Michael
Cc: Crim, Susan; Hochhalter, Kathleen; Morelli, Denise; Beam, Angela; Hill, Elizabeth; Sikora, Tara
Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

Even though the article sounds sympathetic to DCEH, it is interesting that it uses this link for the statement that Deltorre is an experienced receiver:

<https://www.clevescene.com/cleveland/please-not-mark-dottore/Content?oid=1504133>

From: Jones, Diane
Sent: Wednesday, February 13, 2019 8:12 AM
To: Sikora, Tara
Cc: Bennett, Ron; Mangold, Donna; Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Hill, Elizabeth
Subject: Re: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

This is not true. (b)(5)

(b)(5)

Sent from my iPhone

On Feb 13, 2019, at 8:04 AM, Sikora, Tara <Tara.Sikora@ed.gov> wrote:

(b)(5)

FYI...there is a new Republic Report article this morning: <https://www.republicreport.org/2019/dream-center-receiver-says-devos-blessed-studio-enterprise-is-taking-money-for-nothing/>

From: Bennett, Ron
Sent: Tuesday, February 12, 2019 6:38 PM
To: Mangold, Donna
Cc: Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Sikora, Tara; Jones, Diane
Subject: Re: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

(b)(5)

Ron Bennett, Director
School Eligibility Service Group

(202) 377-3181 office
(202) 557-1010 mobile

On Feb 12, 2019, at 6:02 PM, Mangold, Donna <Donna.Mangold@ed.gov> wrote:

Sorry for the length of this message – here are some updates on the stipends and other issues --

(b)(5)

A large rectangular redaction box covering the majority of the page's content.

With that as background, here are today's updates:

(b)(5)

A large rectangular redaction box covering the majority of the page's content.

(b)(5)

A large rectangular redaction box covering the majority of the page's content.

Also,

From Altorelli (counsel for Studio) today:

- Studio has intervened in the receivership action
- The state A.G.s are going to intervene because Dottore won't return their calls about required compliance with the EDMC consent decree
- There has been a problem with VA stipends (maybe at all schools) because apparently DCEH swept the VA accounts prior to the January change of ownership and Dottore wasn't releasing the stipend \$, but Altorelli said that is getting fixed/has been fixed

Sikora, Tara

From: Sikora, Tara
Sent: Wednesday, February 13, 2019 1:26 PM
To: Crim, Susan
Cc: Bennett, Ron; Mangold, Donna; Minor, Robin; Frola, Michael; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION
Attachments: RE: OIG Regional Offices .msg

Hi all,

Attached is Jamal's analysis of the Argosy locations that are close to an FSA or OIG regional office. Please review and let me know if you have any questions or if I can assist in coordinating any next steps.

Tara

From: Crim, Susan
Sent: Wednesday, February 13, 2019 8:38 AM
To: Sikora, Tara
Cc: Bennett, Ron; Mangold, Donna; Minor, Robin; Frola, Michael; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
Subject: Re: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

Maybe the Long Beach OIG office is close to the main campus?

Sent from my iPhone

On Feb 13, 2019, at 8:34 AM, Sikora, Tara <Tara.Sikora@ed.gov> wrote:

I just talked to Jamal – we are going to try to find the regional OIG office addresses so that we can see if they have representation closer to any of the Argosy locations.

Tara

From: Bennett, Ron
Sent: Wednesday, February 13, 2019 8:25 AM
To: Sikora, Tara; Mangold, Donna
Cc: Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

Doesn't look like very many of the sites are near our regional offices. May need to talk to state or OIG colleagues to verify what is open in some locales.

From: Sikora, Tara
Sent: Wednesday, February 13, 2019 8:04 AM
To: Bennett, Ron; Mangold, Donna

Cc: Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane

Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

(b)(5)

FYI...there is a new Republic Report article this morning: <https://www.republicreport.org/2019/dream-center-receiver-says-devos-blessed-studio-enterprise-is-taking-money-for-nothing/>

From: Bennett, Ron

Sent: Tuesday, February 12, 2019 6:38 PM

To: Mangold, Donna

Cc: Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Sikora, Tara; Jones, Diane

Subject: Re: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

(b)(5)

Ron Bennett, Director
School Eligibility Service Group
(202) 377-3181 office
(202) 557-1010 mobile

On Feb 12, 2019, at 6:02 PM, Mangold, Donna <Donna.Mangold@ed.gov> wrote:

Sorry for the length of this message – here are some updates on the stipends and other issues --

(b)(5)

With that as background, here are today's updates:

(b)(5)

(b)(5)

Also,

From Altorelli (counsel for Studio) today:

- Studio has intervened in the receivership action
- The state A.G.s are going to intervene because Dottore won't return their calls about required compliance with the EDMC consent decree
- There has been a problem with VA stipends (maybe at all schools) because apparently DCEH swept the VA accounts prior to the January change of ownership and Dottore wasn't releasing the stipend \$, but Altorelli said that is getting fixed/has been fixed

Steward, Jamal

From: Steward, Jamal
Sent: Wednesday, February 13, 2019 12:42 PM
To: Sikora, Tara
Subject: RE: OIG Regional Offices
Attachments: (b)(5)

Hey Tara,

(b)(5)

Let me know if you have any questions.

Jamal

Working hours: Mon-Thur 6:30am – 4:00pm (US EST) and every other Friday 6:30am – 3:00pm (US EST)

PRIVILEGED, PREDECISIONAL, AND DELIBERATIVE COMMUNICATION. DO NOT RELEASE OR OTHERWISE DISSEMINATE.

From: Steward, Jamal
Sent: Wednesday, February 13, 2019 10:10 AM
To: Sikora, Tara

Subject: RE: OIG Regional Offices

Thanks Tara. No need to pop them into a spreadsheet. I'll take care of it.

From: Sikora, Tara

Sent: Wednesday, February 13, 2019 8:47 AM

To: Steward, Jamal

Subject: OIG Regional Offices

<https://www2.ed.gov/about/offices/list/oig/oigaddresses.html>

Would it be helpful if I popped these into a spreadsheet? One row for each of the offices?

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

49acb7b92b684e1197a02f80f906560a

Argosy Campuses

Table of Contents: [Click Here](#)

| OPEID6 | OPEID8 | Location Nbr | Location Name | Street Address 1 | Street Address 2 | City | ST | Zip Code |
|--------|----------|--------------|---|-------------------------------|---|-----------------|----|----------|
| 021799 | 02179900 | 0 | Argosy University | 3601 West Sunflower Avenue | | Santa Ana | CA | 92704 |
| 021799 | 02179901 | 1 | Argosy University - Twin Cities | 1515 Central Parkway | | Eagan | MN | 55121 |
| 021799 | 02179902 | 2 | Argosy University - Atlanta | 980 Hammond Drive | Suite 100 | Atlanta | GA | 30328 |
| 021799 | 02179903 | 3 | Argosy University - Washington D.C. Area | 1550 Wilson Boulevard | Suite 600 | Arlington | VA | 22209 |
| 021799 | 02179905 | 5 | Argosy University - Hawaii | 400 ASB Tower | 1001 Bishop Street | Honolulu | HI | 96813 |
| 021799 | 02179907 | 7 | Argosy University - Phoenix | Black Canyon Corporate Center | 13430 North Black Canyon Highway, Suite | Phoenix | AZ | 85029 |
| 021799 | 02179908 | 8 | Argosy University - San Francisco Bay Area | One Beach Street | | San Francisco | CA | 94110 |
| 021799 | 02179909 | 9 | Argosy University - Tampa | 1403 North Howard Avenue | | Tampa | FL | 33607 |
| 021799 | 02179910 | 10 | Argosy University - Maui Campus | The Wright Center | 270 Hookahi, Suite 309 | Wailuku | HI | 96793 |
| 021799 | 02179911 | 11 | Argosy University - Hilo Campus | The Ironworks Building | 1266 Kamehameha Highway, Suite A-7 | Hilo | HI | 96720 |
| 021799 | 02179913 | 13 | Argosy University - Seattle | 2601-A Elliott Avenue | | Seattle | WA | 98121 |
| 021799 | 02179919 | 19 | Argosy University - Dallas | 8080 Park Lane | | Dallas | TX | 75231 |
| 021799 | 02179928 | 28 | Argosy University - Los Angeles | 5230 Pacific Concourse | | Los Angeles | CA | 90045 |
| 021799 | 02179935 | 35 | Argosy University - Salt Lake City | 12257 Business Park Dr, 100 | | Draper | UT | 84020 |
| 021799 | 02179936 | 36 | Argosy University | 225 North Michigan Avenue | | Chicago | IL | 60601 |
| 021799 | 02179937 | 37 | Argosy University - Western State University College of Law | 1 Banting Drive | | Irving | CA | 92618 |
| 021799 | 02179938 | 38 | Argosy University - The Art Institute of California - Hollywood | 5250 Lankershim Boulevard | | North Hollywood | CA | 91601 |
| 021799 | 02179940 | 40 | Argosy University - Ai Hollywood (The Shed) | 11128 Magnolia Avenue | | North Hollywood | CA | 91601 |
| 021799 | 02179947 | 47 | Argosy University - The Art Institute of California - San Diego | 7650 Mission Valley Road | | San Diego | CA | 92108 |
| 021799 | 02179949 | 49 | Argosy University - UT National Guard Base, SLC | 765 North 2200 West | | Salt Lake City | UT | 84116 |
| 021799 | 02179950 | 50 | Argosy University - Phoenix ATS Chandler | 1255 South Spectrom Boulevard | | Chandler | AZ | 85286 |
| 021799 | 02179951 | 51 | Argosy University - Clay National Guard Center | 1000 Halsey Avenue | Building 447 | Marietta | GA | 30060 |

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Frola, Michael

From: Frola, Michael
Sent: Wednesday, February 13, 2019 2:47 PM
To: Mangold, Donna; Sikora, Tara; Crim, Susan
Cc: Bennett, Ron; Minor, Robin; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

I'll work on it.
Thanks,
Mike

From: Mangold, Donna
Sent: Wednesday, February 13, 2019 1:53 PM
To: Sikora, Tara; Crim, Susan
Cc: Bennett, Ron; Minor, Robin; Frola, Michael; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

(b)(5)

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(b)(5) Please review and let me know if you have any questions or if I can assist in coordinating any next steps.

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Sent: Wednesday, February 13, 2019 8:38 AM
To: Sikora, Tara
Cc: Bennett, Ron; Mangold, Donna; Minor, Robin; Frola, Michael; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
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(b)(5)

Tara

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Sent: Wednesday, February 13, 2019 8:25 AM
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Cc: Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

(b)(5)

From: Sikora, Tara
Sent: Wednesday, February 13, 2019 8:04 AM
To: Bennett, Ron; Mangold, Donna
Cc: Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Jones, Diane
Subject: RE: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

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To: Mangold, Donna
Cc: Minor, Robin; Frola, Michael; Crim, Susan; Hochhalter, Kathleen; Finley, Steve; Morelli, Denise; Beam, Angela; Sikora, Tara; Jones, Diane
Subject: Re: Argosy update for Tuesday - ATTORNEY CLIENT CONFIDENTIAL and DELIBERATIVE COMMUNICATION

(b)(5)

Ron Bennett, Director
School Eligibility Service Group
(202) 377-3181 office
(202) 557-1010 mobile

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Sorry for the length of this message – here are some updates on the stipends and other issues --

(b)(5)

(b)(5)

With that as background, here are today's updates:

(b)(5)

(b)(5)

Also,

From Altorelli (counsel for Studio) today:

- Studio has intervened in the receivership action
- The state A.G.s are going to intervene because Dottore won't return their calls about required compliance with the EDMC consent decree
- There has been a problem with VA stipends (maybe at all schools) because apparently DCEH swept the VA accounts prior to the January change of ownership and Dottore wasn't releasing the stipend \$, but Altorelli said that is getting fixed/has been fixed

From: Sikora, Tara
Sent: Tuesday, February 19, 2019 11:43 AM
To: Jones, Diane; Minor, Robin; Crim, Susan; Frola, Michael; Puffer, Rhonda
Subject: RE: Argosy - Required Rosters

I agree something like this would be helpful. I'm working with Robin to move this idea forward.

Tara

From: Jones, Diane
Sent: Tuesday, February 19, 2019 10:57 AM
To: Sikora, Tara; Minor, Robin; Crim, Susan; Frola, Michael; Puffer, Rhonda
Subject: RE: Argosy - Required Rosters

(b)(5)

(b)(5)

(b)(5)

From: Sikora, Tara <Tara.Sikora@ed.gov>
Sent: Tuesday, February 19, 2019 10:18 AM
To: Minor, Robin <Robin.Minor@ed.gov>; Crim, Susan <Susan.Crim@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Puffer, Rhonda <Rhonda.Puffer@ed.gov>; Jones, Diane <Diane.Jones@ed.gov>
Cc: Hochhalter, Kathleen <Kathleen.Hochhalter@ed.gov>; Mangold, Donna <Donna.Mangold@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>
Subject: RE: Argosy - Required Rosters

(b)(5)

Diane – I know that you have been responding to students this weekend. (b)(5)

(b)(5)

Thank you, Tara

From: Sikora, Tara
Sent: Tuesday, February 19, 2019 9:58 AM
To: Minor, Robin; Crim, Susan; Frola, Michael; Puffer, Rhonda
Cc: Hochhalter, Kathleen; Mangold, Donna; Bennett, Ron
Subject: RE: Argosy - Required Rosters

(b)(5)

Thanks, Tara

From: Minor, Robin
Sent: Friday, February 15, 2019 1:40 PM

To: Crim, Susan; Frola, Michael; Puffer, Rhonda; Sikora, Tara
Cc: Hochhalter, Kathleen; Mangold, Donna; Bennett, Ron
Subject: RE: Argosy - Required Rosters

Here is initial draft of statement just circulated that was developed while on the call. Need to issue by 2 so let me know if comments ASAP.

(b)(5)

From: Minor, Robin
Sent: Friday, February 15, 2019 1:38 PM
To: Crim, Susan; Frola, Michael; Puffer, Rhonda; Sikora, Tara
Cc: Hochhalter, Kathleen; Mangold, Donna; Bennett, Ron
Subject: RE: Argosy - Required Rosters

(b)(5)

From: Crim, Susan
Sent: Friday, February 15, 2019 11:44 AM
To: Minor, Robin; Frola, Michael; Puffer, Rhonda; Sikora, Tara
Cc: Hochhalter, Kathleen; Mangold, Donna; Bennett, Ron
Subject: RE: Argosy - Required Rosters

Also Donna sent the clarifying response to the receiver this morning, but I presume you were on that email.

From: Minor, Robin
Sent: Friday, February 15, 2019 11:41 AM
To: Frola, Michael; Puffer, Rhonda; Sikora, Tara
Cc: Hochhalter, Kathleen; Crim, Susan; Mangold, Donna; Bennett, Ron
Subject: RE: Argosy - Required Rosters

I just got an invite to a 1:00 meeting with Diane, Nate, Jim and Eitel regarding student stipends. I've been somewhat

(b)(5)

From: Frola, Michael
Sent: Friday, February 15, 2019 11:07 AM
To: Puffer, Rhonda; Sikora, Tara
Cc: Hochhalter, Kathleen; Crim, Susan; Mangold, Donna; Bennett, Ron; Minor, Robin
Subject: RE: Argosy - Required Rosters

Me too.

From: Puffer, Rhonda
Sent: Friday, February 15, 2019 11:06 AM
To: Sikora, Tara
Cc: Hochhalter, Kathleen; Crim, Susan; Mangold, Donna; Bennett, Ron; Minor, Robin; Frola, Michael
Subject: Re: Argosy - Required Rosters

Works for me.

On Feb 15, 2019, at 10:05 AM, Sikora, Tara <Tara.Sikora@ed.gov> wrote:

That works for me too.

From: Hochhalter, Kathleen
Sent: Friday, February 15, 2019 11:04 AM
To: Crim, Susan; Mangold, Donna; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters

I am ok with this.

From: Crim, Susan
Sent: Friday, February 15, 2019 9:03 AM
To: Mangold, Donna; Hochhalter, Kathleen; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters
Importance: High

This is what I'm proposing. **Please weigh in by 11:10 ET if you disagree. Donna needs to send by 11:15 ET.**

(b)(5)

From: Mangold, Donna
Sent: Friday, February 15, 2019 10:44 AM
To: Hochhalter, Kathleen; Crim, Susan; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Puffer, Rhonda; Frola, Michael
Subject: Re: Argosy - Required Rosters

(b)(5)

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Hochhalter, Kathleen" <Kathleen.Hochhalter@ed.gov>
Date: 2/15/19 9:42 AM (GMT-05:00)
To: "Crim, Susan" <Susan.Crim@ed.gov>, "Sikora, Tara" <Tara.Sikora@ed.gov>
Cc: "Bennett, Ron" <Ron.Bennett@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>, "Mangold, Donna" <Donna.Mangold@ed.gov>, "Puffer, Rhonda" <Rhonda.Puffer@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>
Subject: RE: Argosy - Required Rosters

Maybe a training officer?

From: Crim, Susan
Sent: Friday, February 15, 2019 7:40 AM
To: Hochhalter, Kathleen; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Mangold, Donna; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters

We'll need SPD help on this one, please. Donna would like a response no later than 11 am ET. Thanks.

From: Hochhalter, Kathleen
Sent: Friday, February 15, 2019 9:37 AM
To: Crim, Susan; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Mangold, Donna; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters

(b)(5)

From: Crim, Susan
Sent: Friday, February 15, 2019 7:36 AM
To: Hochhalter, Kathleen; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Mangold, Donna; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters

OK. Then please edit the response to reflect what you think it should state (b)(5)

(b)(5)

From: Hochhalter, Kathleen
Sent: Friday, February 15, 2019 9:34 AM
To: Crim, Susan; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Mangold, Donna; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters

(b)(5)

From: Crim, Susan
Sent: Friday, February 15, 2019 7:31 AM
To: Hochhalter, Kathleen; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Mangold, Donna; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters

How about this for the proposed answer?

(b)(5)

From: Hochhalter, Kathleen
Sent: Friday, February 15, 2019 9:20 AM
To: Crim, Susan; Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Mangold, Donna; Puffer, Rhonda; Frola, Michael
Subject: RE: Argosy - Required Rosters

(b)(5)

From: Crim, Susan
Sent: Friday, February 15, 2019 7:12 AM
To: Sikora, Tara
Cc: Bennett, Ron; Minor, Robin; Mangold, Donna; Hochhalter, Kathleen; Puffer, Rhonda; Frola, Michael
Subject: Re: Argosy - Required Rosters

(b)(5)

(b)(5)

Sent from my iPhone

On Feb 15, 2019, at 8:48 AM, Sikora, Tara <Tara.Sikora@ed.gov> wrote:

(b)(5)

I guess I see 3 options:

(b)(5)

(b)(5)

Tara

From: Bennett, Ron
Sent: Thursday, February 14, 2019 7:30 PM
To: Minor, Robin
Cc: Crim, Susan; Mangold, Donna; Hochhalter, Kathleen; Sikora, Tara; Puffer, Rhonda; Frola, Michael
Subject: Re: Argosy - Required Rosters

(b)(5)

Ron Bennett, Director
School Eligibility Service Group
(202) 377-3181 office
(202) 557-1010 mobile

On Feb 14, 2019, at 6:44 PM, Minor, Robin <Robin.Minor@ed.gov> wrote:

(b)(5)

want to go back to 7/17/2018 or the period resulting in the credit

balance if earlier. I'm rusty on all of this so this may not make any sense.

From: Crim, Susan
Sent: Thursday, February 14, 2019 5:20 PM
To: Mangold, Donna; Hochhalter, Kathleen; Sikora, Tara; Puffer, Rhonda; Frola, Michael; Bennett, Ron
Cc: Minor, Robin
Subject: RE: Argosy - Required Rosters

(b)(5)

Any other thoughts from folks?

From: Mangold, Donna
Sent: Thursday, February 14, 2019 5:15 PM
To: Crim, Susan; Hochhalter, Kathleen; Sikora, Tara; Puffer, Rhonda; Frola, Michael; Bennett, Ron
Cc: Minor, Robin
Subject: FW: Argosy - Required Rosters

How should we answer Alison Edgerton's question?

From: Charlie Dottore [<mailto:charlie@dottoreco.com>]
Sent: Thursday, February 14, 2019 5:09 PM
To: Mangold, Donna
Subject: Fwd: Argosy - Required Rosters

I hope this can clarify your question

Sent from my iPhone

Begin forwarded message:

From: "Edgerton, Alison" <aedgerton@dcedh.org>
Date: February 14, 2019 at 4:52:33 PM EST
To: Charlie Dottore <charlie@dottoreco.com>
Cc: "Gardner, Shelley" <shgardner@dcedh.org>
Subject: RE: Argosy - Required Rosters

We will be able to use the student ID and query most of the information for the argosy campuses. When they are asking for aid disbursed-is that cumulatively on the ledger? For a specific Award Year? For this enrollment? Etc.

We need specific criteria around the aid disbursed.

Get [Outlook for iOS](#)

On Thu, Feb 14, 2019 at 3:13 PM -0500, "Charlie Dottore" <charlie@dottoreco.com> wrote:

Alison

Here is what we need to send to the DOE to get students their stipends. We are on a conference call but will call after to see what it will take to get this info to DOE
Charlie

Begin forwarded message:

From: "Mangold, Donna" <Donna.Mangold@ed.gov>
Date: February 14, 2019 at 2:56:30 PM EST
To: 'Charlie Dottore' <charlie@dottoreco.com>, Mary K Whitmer <mkw@weadvocate.net>
Cc: "Jacobson, Jonathan E. (CIV)" <Jonathan.E.Jacobson@usdoj.gov>
Subject: Argosy - Required Rosters

Charlie and Mary,

Here is the information we will need for our review of the credit balances. We need to be able to reconcile and cross check your information against our systems, so that is why we need so much detail. If there are any questions once your team reviews, let me know and we can set up a call with the FSA team. We will need to rely on mailed paper checks, so mailing address accuracy is important. My understanding from Diane Jones is that a social media blast may be going out to Argosy students to update their mailing addresses in their student accounts, so it might make sense to populate that column last. At this point, and until we work out the logistics, there should be no public announcement of the plans for the payment of the stipends. We need to have all of the details worked out first so that any communication on this issue is full and accurate.

This information should be submitted in a spreadsheet for any students who have an unpaid Title IV credit balance:

Last Name
First Name
Student Street Address
Student City
Student State
Student Zip
Student Phone Number
Student Email Address
Social Security Number
Campus Name
Eight digit OPE-ID
Online student (Y/N)
Program Start Date
Current Enrollment Status
Last Date of Attendance (If applicable)

Federal Pell Grant Amount disbursed
Last Disbursement Date, if multiple dates

Indicate if multiple disbursements (Y/N)

FSEOG Disbursement Amount (net)
Last Disbursement Date, if multiple dates

Indicate if multiple disbursements (Y/N)

Federal Direct Loan Subsidized Amount disbursed (net)
Last Disbursement Date, if multiple dates

Indicate if multiple disbursements (Y/N)

Federal Direct Loan Unsubsidized Amount disbursed (net)
Last Disbursement Date, if multiple dates

Indicate if multiple disbursements (Y/N)

Parent PLUS Direct Loan Disbursement Amount (net)
Last Disbursement Date, if multiple dates

Indicate if multiple disbursement (Y/N)

Grad PLUS Direct Loan Disbursement Amount (net)
Last Disbursement Date, if multiple dates

Indicate if multiple disbursements
(Y/N)

Amount of Unpaid Title IV Credit
Balance

Date Title IV Credit Balance Created

Date Title IV Credit Balance Due

Last date TIV Payment Request sent to
ED, if multiple dates

Indicate if multiple disbursements
(Y/N)

Total Amount of Title IV Payment
Requested

Last Date Request Paid by ED, if
multiple dates

Indicate if multiple disbursements
(Y/N)

Total Amount of Title IV Paid by ED

Donna Mangold
202-453-6710

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Frola, Michael

From: Frola, Michael
Sent: Wednesday, February 20, 2019 2:42 PM
To: Mangold, Donna; Jones, Diane; Minor, Robin
Subject: RE: Argosy -- \$7.9/\$5.1

Correct.

From: Mangold, Donna
Sent: Wednesday, February 20, 2019 2:32 PM
To: Frola, Michael; Jones, Diane; Minor, Robin
Subject: RE: Argosy -- \$7.9/\$5.1

But no rosters or certificates yet, correct?

From: Frola, Michael
Sent: Wednesday, February 20, 2019 2:30 PM
To: Mangold, Donna; Jones, Diane; Minor, Robin
Subject: RE: Argosy -- \$7.9/\$5.1

Adding in Robin. The MOP analyst just ran a report for funds pending release from G5:

| | |
|---------------|------------------------|
| Argosy | \$23,798,517.60 |
| Ai Pittsburgh | \$164,823.63 |
| Ai Seattle | \$223,266.00 |
| Total | \$24,186,607.23 |

From: Mangold, Donna
Sent: Wednesday, February 20, 2019 1:31 PM
To: Jones, Diane; Frola, Michael
Subject: RE: Argosy -- \$7.9/\$5.1

(b)(5)

From: Jones, Diane
Sent: Wednesday, February 20, 2019 1:24 PM
To: Mangold, Donna; Frola, Michael
Subject: RE: Argosy -- \$7.9/\$5.1

(b)(5)

From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Wednesday, February 20, 2019 1:17 PM
To: Jones, Diane <Diane.Jones@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>
Subject: RE: Argosy -- \$7.9/\$5.1

(b)(5)

From: Jones, Diane
Sent: Wednesday, February 20, 2019 1:09 PM
To: Frola, Michael; Mangold, Donna
Subject: RE: Argosy -- \$7.9/\$5.1

(b)(5)

(b)(5)

From: Frola, Michael <Michael.Frola@ed.gov>
Sent: Wednesday, February 20, 2019 12:52 PM
To: Jones, Diane <Diane.Jones@ed.gov>; Mangold, Donna <Donna.Mangold@ed.gov>
Subject: RE: Argosy -- \$7.9/\$5.1

Yes. As of 2/7/19 the method of payment analyst determined the these funds are pending release in COD:

| Institution | Amount Requested in G5 Not Paid (snapshot 2/7/19) |
|---------------|---|
| Argosy | \$11,938,831.60 |
| Ai Pittsburgh | \$164,823.63 |
| Ai Seattle | \$223,266.00 |
| Total | \$12,326,921.23 |

We've not released any of the funds because they haven't submitted an HCM-2 request.

-Mike

From: Jones, Diane
Sent: Wednesday, February 20, 2019 12:48 PM
To: Frola, Michael; Mangold, Donna
Subject: FW: Argosy -- \$7.9/\$5.1

Mike,
Are their funds other than the ones listed below that are pending in COD or G5?
Diane

From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Tuesday, February 12, 2019 10:53 AM
To: Jones, Diane <Diane.Jones@ed.gov>
Subject: Argosy -- \$7.9/\$5.1

(b)(5)

From: Frola, Michael
Sent: Friday, January 25, 2019 1:50 PM
To: Jones, Diane
Cc: Mangold, Donna; Finley, Steve; Minor, Robin; Sikora, Tara; Bennett, Ron; Frola, Michael
Subject: DCEH Art Institutes HCM2 Letter - Funds Release

Hi Diane,

(b)(5)

Please email me back which option you think we should go with.

Thanks,
-Mike

(b)(5)

Mangold, Donna

From: Mangold, Donna
Sent: Wednesday, February 20, 2019 6:39 PM
To: Finley, Steve; Sikora, Tara; Minor, Robin; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen
Cc: Jones, Diane
Subject: RE: Draft Argosy Q&A's
Attachments: DRAFT Argosy QAs_v02_2019-02-20 OGC Finley +dsm.docx

My suggested edits on top of Steve's. Including Diane in our loop. Not sure where it goes next.

From: Finley, Steve
Sent: Wednesday, February 20, 2019 2:28 PM
To: Sikora, Tara; Minor, Robin; Mangold, Donna; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen
Subject: RE: Draft Argosy Q&A's

Some suggested edits on the attached.

From: Sikora, Tara
Sent: Wednesday, February 20, 2019 1:00 PM
To: Minor, Robin; Mangold, Donna; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen; Finley, Steve
Subject: Draft Argosy Q&A's

Hi all,

Please review the draft Q&A's and let me know if you have any feedback for April and Robert. Feel free to circulate to Diane or Bus Ops.

Thank you,
Tara

From: Gomez, Robert
Sent: Wednesday, February 20, 2019 12:37 PM
To: Sikora, Tara; Meoli, Nicki
Cc: Jordan, April

Tara and Nicki:

Attached is an updated set of draft Q&As for Argosy students based on the feedback we have received so far. Note

(b)(5)

Kindly circulate these to any other SMEs in your respective business units that need to see these and let me know if there are any other changes we need to make or questions we need to add.

Many thanks,

Robert

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Minor, Robin

From: Minor, Robin
Sent: Wednesday, February 20, 2019 6:47 PM
To: Sikora, Tara; Mangold, Donna; Finley, Steve; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen
Cc: Jones, Diane
Subject: RE: Draft Argosy Q&A's

Based on the conversation today, questions about the immediate discharges are being changed. The current response which I just signed off on and is now going to Bus ops and then Jim and Marianna is below:

(b)(5)



From: Sikora, Tara
Sent: Wednesday, February 20, 2019 6:44 PM
To: Mangold, Donna; Finley, Steve; Minor, Robin; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen
Cc: Jones, Diane
Subject: RE: Draft Argosy Q&A's

Thanks Steve and Donna for your edits!! We will need to send it back to April Jordan and her team after our edits are final. I will hold off until Diane has a chance to weigh in (and whoever else might have some edits/feedback).

From: Mangold, Donna
Sent: Wednesday, February 20, 2019 6:39 PM
To: Finley, Steve; Sikora, Tara; Minor, Robin; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen
Cc: Jones, Diane
Subject: RE: Draft Argosy Q&A's

My suggested edits on top of Steve's. Including Diane in our loop. Not sure where it goes next.

From: Finley, Steve
Sent: Wednesday, February 20, 2019 2:28 PM
To: Sikora, Tara; Minor, Robin; Mangold, Donna; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen
Subject: RE: Draft Argosy Q&A's

Some suggested edits on the attached.

From: Sikora, Tara

Sent: Wednesday, February 20, 2019 1:00 PM

To: Minor, Robin; Mangold, Donna; Frola, Michael; Bennett, Ron; Crim, Susan; Hochhalter, Kathleen; Finley, Steve

Subject: Draft Argosy Q&A's

Hi all,

Please review the draft Q&A's and let me know if you have any feedback for April and Robert. Feel free to circulate to Diane or Bus Ops.

Thank you,

Tara

From: Gomez, Robert

Sent: Wednesday, February 20, 2019 12:37 PM

To: Sikora, Tara; Meoli, Nicki

Cc: Jordan, April

Tara and Nicki:

Attached is an updated set of draft Q&As for Argosy students based on the feedback we have received so far. Note

(b)(5)

Kindly circulate these to any other SMEs in your respective business units that need to see these and let me know if there are any other changes we need to make or questions we need to add.

Many thanks,

Robert

Mangold, Donna

From: Mangold, Donna
Sent: Wednesday, February 20, 2019 7:24 PM
To: Sikora, Tara; Jones, Diane; Frola, Michael; Puffer, Rhonda
Subject: RE: ATTORNEY CLIENT COMMUNICATION -- Durbin et al 1.31.19 staff briefing follow-up 2.20.19.docx

Talked to Tara, and we settled on this as the best response:

(b)(5)

From: Sikora, Tara
Sent: Wednesday, February 20, 2019 7:16 PM
To: Mangold, Donna; Jones, Diane; Frola, Michael; Puffer, Rhonda
Subject: RE: ATTORNEY CLIENT COMMUNICATION -- Durbin et al 1.31.19 staff briefing follow-up 2.20.19.docx

Can you call me back now to talk through this? It might be too hard to say it in simple number like that...

From: Mangold, Donna
Sent: Wednesday, February 20, 2019 7:12 PM
To: Jones, Diane; Sikora, Tara; Frola, Michael; Puffer, Rhonda
Subject: RE: ATTORNEY CLIENT COMMUNICATION -- Durbin et al 1.31.19 staff briefing follow-up 2.20.19.docx

I would like to put a number before Art Institutes, but I saw two Colorados on the list, and didn't trust my count:

(b)(5)

From: Jones, Diane
Sent: Wednesday, February 20, 2019 7:07 PM
To: Sikora, Tara; Mangold, Donna; Frola, Michael; Puffer, Rhonda
Subject: RE: ATTORNEY CLIENT COMMUNICATION -- Durbin et al 1.31.19 staff briefing follow-up 2.20.19.docx

Seeing the list makes me realize that at \$1.4M per campus, we were able to get a lot of students to the finish line or a new campus. I think it is important to emphasize the number of campuses included in the reimbursements. Thanks for sharing the list, Tara.

Diane

From: Sikora, Tara <Tara.Sikora@ed.gov>
Sent: Wednesday, February 20, 2019 7:01 PM
To: Mangold, Donna <Donna.Mangold@ed.gov>; Jones, Diane <Diane.Jones@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Puffer, Rhonda <Rhonda.Puffer@ed.gov>

Subject: RE: ATTORNEY CLIENT COMMUNICATION -- Durbin et al 1.31.19 staff briefing follow-up 2.20.19.docx

Donna,

For the footnote you only mention the Art Institute, but there were also some Argosy locations under the teach-out. I don't know how you want to say it or edit it, but that is what I asked you to give me a call about. Here are all of the locations so that you can think about how to word it. I highlighted the Argosy locations.

| |
|--|
| Art Institute of Portland (The) |
| Art Institute of Portland (The) - Industrial Design Workshop |
| Art Institute of Portland (The) - Culinary Arts Facility |
| Art Institute of Philadelphia (The) - |
| Art Institute of Philadelphia (The) |
| Miami International University of Art & Design - Art Inst of Charlotte |
| Miami International University of Art & Design - Art Inst Raleigh |
| Art Institute of Atlanta (The) - Art Institute of Washington (The) |
| Art Institute of Atlanta (The) - Art Institute of Tennessee-Nashville |
| Art Institute of Atlanta (The) - The Art Institute of Charleston |
| Art Institute of Fort Lauderdale (The) |
| Art Institute of Fort Lauderdale (The) - Harbor Place Building |
| Illinois Institute of Art (The) |
| Illinois Institute of Art (The) - The IL Institute of Art - Schaumburg |
| Illinois Institute of Art (The) - The Art Institute of Michigan |
| Art Institute of Colorado (The) |
| Art Institute of Colorado (The) |
| Argosy University - Sarasota |
| Argosy University - Schaumburg |
| Argosy University - San Diego |
| Argosy University - Inland Empire |
| Argosy University - The Art Institute of California - San Francisco |
| Argosy University - The Art Institute of California - Orange County |
| Argosy University - The Art Institute of California - Sacramento |
| Argosy University - The Art Institute of California - Inland Empire |
| Art Institute of Phoenix (The) |
| Art Institute of Phoenix (The) - Art Institute of Indianapolis (The) |

I'm signing off for the evening now, but I will be back on around 7:30 tomorrow.

Tara

From: Mangold, Donna

Sent: Wednesday, February 20, 2019 6:33 PM

To: Jones, Diane; Frola, Michael; Sikora, Tara; Puffer, Rhonda

Subject: ATTORNEY CLIENT COMMUNICATION -- Durbin et al 1.31.19 staff briefing follow-up 2.20.19.docx

(b)(5)

Sorry, but promised to get it to Scott first thing in the morning – so let me know if it's ok.

Mangold, Donna

From: Mangold, Donna
Sent: Thursday, February 21, 2019 12:01 PM
To: Jones, Diane; Minor, Robin
Cc: Frola, Michael; Sikora, Tara; Puffer, Rhonda
Subject: FW: DCEH Briefing Follow up questions for review
Attachments: Durbin et al 1.31.19 staff briefing follow-up 2.20.19.docx

Diane and Rhonda,

Just realized you weren't on the incoming from Scott so you weren't on my reply with the answers to the questions.

Thanks to Tara and Rhonda for their work on this (along with everything else!)

From: Mangold, Donna
Sent: Thursday, February 21, 2019 11:47 AM
To: Prince, Scott; Frola, Michael
Cc: Puffer, Rhonda; Riley, Mary Christina; Sikora, Tara; Petersen, Molly
Subject: RE: DCEH Briefing Follow up questions for review

Hi Scott – Here are the responses to the briefing questions. I haven't put it into any kind of letter or memo format.

From: Prince, Scott
Sent: Wednesday, February 20, 2019 7:48 AM
To: Mangold, Donna; Frola, Michael
Cc: Puffer, Rhonda; Riley, Mary Christina; Sikora, Tara; Petersen, Molly
Subject: RE: DCEH Briefing Follow up questions for review

Hi Donna,

Checking in on the status of responses to this data request. Given the recent press on this issue, the hill is asking for our response as soon as possible.

Thank you.

Regards,
-Scott

Scott D. Prince
Legislative Affairs Specialist
Office of Legislation and Congressional Affairs (OLCA)
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202-3100

Phone: 202-453-6363
Scott.Prince@ed.gov
www.ed.gov

From: Mangold, Donna
Sent: Tuesday, February 12, 2019 4:39 PM
To: Frola, Michael; Prince, Scott

Cc: Puffer, Rhonda; Riley, Mary Christina; Sikora, Tara; Petersen, Molly
Subject: RE: DCEH Briefing Follow up questions for review

(b)(5)

From: Frola, Michael
Sent: Tuesday, February 12, 2019 4:09 PM
To: Prince, Scott; Mangold, Donna
Cc: Puffer, Rhonda; Riley, Mary Christina; Sikora, Tara; Petersen, Molly
Subject: RE: DCEH Briefing Follow up questions for review

(b)(5)

Thanks,
-Mike

From: Prince, Scott
Sent: Tuesday, February 12, 2019 3:57 PM
To: Mangold, Donna; Frola, Michael
Cc: Puffer, Rhonda; Riley, Mary Christina; Sikora, Tara; Petersen, Molly
Subject: DCEH Briefing Follow up questions for review

Hi Donna and Mike,

Senator Durbin's staff reached out today asking for an update on when we will be providing the following information as a follow up to the DCEH briefing:

1. Dollar amount of the letter of credit the Department had required from DCEH
2. The total dollar amount of the prior year Title IV funds received by DCEH
3. The percent of Title IV funds that the LOC represented
4. The distribution of LOC funds from ED to DCEH campuses

(b)(5)

(b)(5)

Please let me know so we can respond accordingly.

Thank you.

Regards,
-Scott

Scott D. Prince
Legislative Affairs Specialist
Office of Legislation and Congressional Affairs (OLCA)
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202-3100

Phone: 202-453-6363
Scott.Prince@ed.gov
www.ed.gov

(b)(5)

Mangold, Donna

From: Mangold, Donna
Sent: Friday, February 22, 2019 9:09 AM
To: Jones, Diane; Minor, Robin; Frola, Michael; Bennett, Ron; Sikora, Tara; Finley, Steve
Subject: FW: Complaint - Dottore v. Studio Enterprise and Education Principle Foundation
Attachments: Dottore v. Studio Enterprise and Education Principle - Verified Complaint AS FILED (01287114xA180B).PDF; Declaration of Mark Dottore (01287158xA180B).PDF; Memo in Support of TRO AS FILED 2.21.19 (01287156xA180B).PDF; Motion for TRO AS FILED 2.21.19 (01287154xA180B).PDF

I haven't closely read the complaint to try to figure out why he didn't file this in the same district in Ohio as the receivership action, which seems odd. But the receiver is arguing that we forced the transactions (this is from the memo in support of the TRO):

Desperate to try to save the schools and protect the students, at the insistence of the Department of Education ("DOE") DCEH entered into a series of contracts with Defendant Studio Enterprise Manager, LLC ("Studio") and its related company Defendant Education Principle Foundation ("Foundation") whereby all Business Assets of Ai University System and South University System were transferred to All and South. Prior to the transfer of the Business Assets, DCEH transferred the equity interest in Ai and South to Foundation except that the equity interest in Excluded Campuses remained with DCEH.

From: John Altorelli [mailto:john@aequumlaw.com]
Sent: Thursday, February 21, 2019 7:09 PM
To: Mangold, Donna
Subject: FW: Complaint - Dottore v. Studio Enterprise and Education Principle Foundation

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

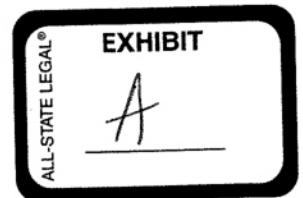
| | | |
|--------------------------------|---|------------------|
| MARK E. DOTTORE, RECEIVER |) | CASE NO. |
| |) | |
| Plaintiff, |) | JUDGE |
| |) | |
| v. |) | MAGISTRATE JUDGE |
| |) | |
| STUDIO ENTERPRISE MANAGER, LLC |) | |
| <i>et al.</i> , |) | |
| |) | |
| Defendants. |) | |

DECLARATION of MARK DOTTORE

Mark Dottore hereby declares under penalty of perjury that the following is true and correct:

1. I am a resident of the State of Ohio, and live within Cuyahoga County, Ohio.
2. I make the within affidavit from my own personal knowledge, and I am competent to so testify.
3. I was appointed Receiver on January 18, 2019, in the case captioned *Digital Media Solutions, LLC v. South University of Ohio, LLC*, pending before the United States District Court for the Northern District of Ohio under case number 1:19-cv-00145-DAP.
4. The entities for which I was appointed include the following: South University of Ohio LLC, Dream Center Education Holdings LLC, The DC Art Institute of Raleigh-Durham LLC, The DC Art Institute of Charlotte LLC, DC Art Institute of

{01286473-2}



Charleston LLC, DC Art Institute of Washington LLC, The Art Institute of Tennessee – Nashville LLC, AiTN Restaurant LLC, The Art Institute of Colorado LLC, DC Art Institute of Phoenix LLC, The Art Institute of Portland LLC, The Art Institute of Seattle LLC, The Art Institute of Pittsburgh, DC LLC, The Art Institute of Philadelphia, DC, LLC, DC Art Institute of Fort Lauderdale LLC, The Illinois Institute of Art LLC, The Art Institute of Michigan LLC, The Illinois Institute of Art at Schaumburg LLC, DC Art Institute of Phoenix, LLC and its direct subsidiaries the Art Institute of Las Vegas LLC, the Art Institute of Indianapolis, LLC, and AiIN Restaurant LLC; Dream Center Argosy University of California LLC and its direct subsidiaries, and Argosy Education Group LLC; Dream Center Education Management LLC; and, South University of Michigan LLC. The entities are collectively referred to as “Receivership Entities.”

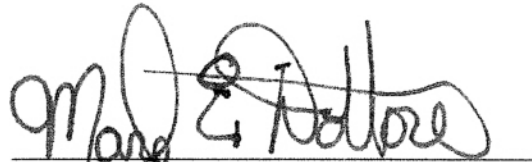
5. The contracts, including signature pages, attached to the Memorandum In Support of Receiver’s Motion For a Temporary Restraining Order and Preliminary Injunction are true and accurate copies recovered from the Receivership Entities’ files.
6. Dream Center Argosy Education Group of California LLC and Argosy Education Group LLC (collectively, “Argosy”) paid Studio the sum of \$1.6 million in January 2019, pursuant to the Master Services Agreement before I was appointed Receiver.
7. I understand that Art Institutes International LLC (“AII”) and Dream Center South University LLC (“South”) also paid Studio the sum of \$1.6 million each in January of 2019.

8. It is also my understanding that AII paid Studio the sum of \$1.6 million again in February of 2019.
9. Dream Center Education Holdings LLC (“DCEH”) has provided all of the services required under the Transition Servicing and License Agreement (“TSLA”) between DCEH and Studio.
10. DCEH utilizes a bank of networked servers to provide the services, along with a well-trained staff. The programs running on the servers are intricately intertwined, and it is not possible at this juncture to stop serving one of the three university systems. It will take significant resources, which the receivership estate does not maintain, to extricate the three universities’ data and systems from the servers.
11. I have made repeated demands upon Studio to pay DCEH the sums required under the TSLA. Studio has continued to refuse my requests. Rather, Studio paid DCEH the sum of \$1.8 million in February 2019 for services DCEH provided in January. Studio has refused to pay the \$2.1 million dollars that remains due for January’s services.
12. It is my understanding that Studio is currently holding more than \$4 million of dollars that is either currently due, or will be due shortly, to DCEH.
13. DCEH desperately needs the money due from Studio under the TSLA in order to be able to continue to provide the services required thereunder. If DCEH is rendered unable to pay the costs associated with the provision of those services, and therefore forced to shut down the servers and terminate the staff’s employment, all three university systems AII, South, and Argosy will fail as a

result of the total lack of critical services like payroll, human resources, IT, accounting and other fundamental requirements of running any business.

14. If the Receivership Entities are unable to complete their teach-out obligations, the more than 10,000 students attending the Receivership Entities campuses will be entitled to cancel their student loans, but will likely lose the value of the partial semester, as well as previous coursework, as new schools would be under no obligation to give credit for that coursework. Those affected students would lose at least a semester's worth of work if not more.

Dated: 2/20/19

A handwritten signature in black ink, appearing to read "Mark E. Dottore", written over a horizontal line.

Mark Dottore

SIGNED IN BERKELEY CALIFORNIA

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

MARK DOTTORE, COURT-
APPOINTED RECEIVER FOR THE
RECEIVERSHIP ENTITIES
3344 Canal Road
Cleveland, OH 44113,

Plaintiff,

v.

STUDIO ENTERPRISE MANAGER,
LLC
c/o Corporation Service Company
Statutory Agent
251 Little Falls Drive
Wilmington, DE 19808

and

EDUCATION PRINCIPLE
FOUNDATION
c/o Corporation Service Company
Statutory Agent
251 Little Falls Drive
Wilmington, DE 19808

Defendants.

) CASE NO.

) JUDGE

) **VERIFIED COMPLAINT**

) **(Jury Demand Endorsed Hereon)**

Plaintiff Mark Dottore, Receiver for the Receivership Entities (“Plaintiff” and/or the “Receiver”), by and through undersigned counsel, for its Complaint against Defendants Studio Enterprise Manager, LLC (“Studio”) and Education Principle Foundation (“Foundation”) (Studio together with Foundation are collectively known as the “Defendants”) states as follows:

Introduction

1. Plaintiff is the Court-Appointed Receiver for the Receivership Entities pursuant to an Order by this Court dated January 18, 2019 in *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 1:19-cv-145 (N.D. Ohio). The Receivership Entities are parties to various transactions with the Defendants both individually and through their respective parent entities, The Arts Institute International, LLC, Dream Center South University, LLC and Dream Center Argosy University of California, LLC and Argosy Education Group, LLC.

2. Plaintiff brings this action for rescission, declaratory judgment, conversion, breach of contract and unjust enrichment.

PARTIES

3. The Receiver is a citizen of the State of Ohio and is the Receiver for Dream Center Education Holdings, LLC (“DCEH”) and its subsidiaries, including: South University of Ohio LLC, The DC Art Institute of Raleigh-Durham LLC, The DC Art Institute of Charlotte LLC, DC Art Institute of Charleston LLC, DC Art Institute of Washington LLC, The Art Institute of Tennessee- Nashville LLC, AiTN Restaurant LLC, The Art Institute of Colorado LLC, DC Art Institute of Phoenix LLC, The Art Institute of Portland LLC, The Art Institute of Seattle LLC, The Art Institute of Pittsburgh, DC LLC, The Art Institute of Philadelphia, DC, LLC, DC Art Institute of Fort Lauderdale LLC, The Illinois Institute of Art LLC, The Art Institute of Michigan LLC, The Illinois Institute of Art at Schaumburg LLC, DC Art Institute of Phoenix, LLC and its direct subsidiaries the Art Institute of Las Vegas LLC, the Art Institute of Indianapolis, LLC, and AiIN Restaurant LLC; Dream Center Argosy University of California LLC and its direct subsidiaries, and Argosy Education Group LLC; Dream Center Education Management

LLC; and, South University of Michigan LLC (collectively, the “Receivership Entities”). By order of the United States District Court for the Northern District of Ohio entered January 18, 2019 in the matter *Digital Media Solutions, LLC v. South University of Ohio, LLC, et al.*, No. 1:19-cv-145, the Receiver is empowered to bring this action.

4. Studio is a Delaware limited liability company with its principal place of business in the State of California.

5. Foundation is a Delaware not for profit corporation with its principal place of business in the state of California.

JURISDICTION AND VENUE

6. This Court has ancillary jurisdiction over this matter pursuant to *Pope v. Louisville & C. Ry. Co.*, 173 U.S. 573 (1899), and *Haile v. Henderson Nat. Bank*, 657 F.2d 816 (6th Cir. 1981). In *Haile*, the Sixth Circuit explained that “the initial suit which results in the appointment of the receiver is the primary action and that any suit which the receiver thereafter brings in the appointment court in order to execute his duties is ancillary to the main suit. As such, the district court has ancillary subject matter jurisdiction of every such suit irrespective of diversity, amount in controversy or any other factor which would normally determine jurisdiction.” *Haile*, 657 F.2d at 822.

7. This action is brought pursuant to this Court’s Order Appointing Receiver, entered January 18, 2019, in the matter *Digital Media Solutions, LLC v. South University of Ohio, LLC, et al.*, a case in which this Court has original jurisdiction. The order empowers the Receiver to bring this action to rescind the various transactions entered by DCEH with Defendants.

8. This Court has personal jurisdiction over the Defendants by virtue of 28 U.S.C. § 1332, 28 U.S.C. § 754 and 28 U.S.C. § 1692.

- a. 28 U.S.C. § 754 provides that

A receiver appointed in any civil action or proceeding involving property, real, personal or mixed, situated in different districts shall, upon giving bond as required by the court, be vested with complete jurisdiction and control of all such property with the right to take possession thereof.

He shall have capacity to sue in any district without ancillary appointment, and may be sued with respect thereto as provided in section 959 of this title.

Such receiver shall, within ten days after the entry of his order of appointment, file copies of the complaint and such order of appointment in the district court for each district in which property is located. The failure to file such copies in any district shall divest the receiver of jurisdiction and control over all such property in that district.

- b. 28 U.S.C. § 1692 provides that

In proceedings in a district court where a receiver is appointed for property, real, personal, or mixed, situated in different districts, process may issue and be executed in any such district as if the property lay wholly within one district, but orders affecting the property shall be entered of record in each of such districts.

9. The Receiver timely filed § 754 notices in the judicial districts where the Defendants are located; *i.e.*, the Northern District of California, the Eastern District of California, the Central District of California, the Southern District of California, and the District of Delaware. *See Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 3:19-mc-80016 (N.D. Cal. Jan. 24, 2019); *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 2:19-mc-16 (E.D. Cal. Jan. 25, 2019); *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 2:19-mc-12 (C.D. Cal. Jan. 25, 2019); *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 3:19-mc-96 (S.D. Cal. Jan. 24, 2019); *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 1:19-mc-20 (D. Del. Jan. 25, 2019). In

addition, the Receiver timely filed § 754 notices in every judicial district in the United States—with the exception of the territorial courts for the Northern Mariana Islands, Guam, and the Virgin Islands. *See* Exhibit A (Excel Spreadsheet of § 754 notices).

10. In *Haile*, the Sixth Circuit explained that by virtue of §§ 754 and 1692 “the territorial jurisdiction of the appointing court is extended to any district of the United States where property believed to be that of the receivership estate is found, provided that the proper documents have been filed in each such district as required by § 754.” *Haile*, 657 F.2d at 823. Thus, the appointing court’s “process extends to any judicial district where receivership property is found. As such, the minimum contacts analysis, as a limitation on state extra-territorial power, is simply inapposite.” *Id.* at 826; *see also S.E.C. v. Bilzerian*, 378 F.3d 1100, 1106 (D.C. Cir. 2004) (declining to “part company” with *Haile* and concluding “that the ‘interplay’ between Rule 4(k) and 28 U.S.C. §§ 754 and 1692 properly provided the district court with jurisdiction over the person of [the defendant]”).

11. Accordingly, this Court has personal jurisdiction over the Defendants.

12. Venue is proper in this Court pursuant to the Sixth Circuit’s decision in *Haile* and 28 U.S.C. § 1391(b)(3), as the Defendants are subject to personal jurisdiction in this judicial district.

FACTUAL BACKGROUND

I. DCEH Purchases the Universities from EDMC.

13. Dream Center Education Holdings, LLC (“DCEH”), has owned, since October 2017, through a series of subsidiaries, a number of universities that operate under the names “South University,” “Argosy University,” and “Art Institutes” (collectively, the “Universities”).

14. DCEH purchased the Universities from Education Management Corporation (“EDMC”) in October 2017, with a second closing in January 2018.

15. Within sixty days of the closing of DCEH’s purchase of the Universities from EDMC, DCEH discovered that EDMC and its representatives misrepresented key financial factors concerning the Universities.

16. Despite DCEH’s best efforts, the Universities were, on the whole, failing without hope for redemption.

17. As a result of the cash flow issues, the Universities, and by extension DCEH, suffered. DCEH became delinquent in its obligations to a wide variety of vendors.

II. DCEH and Its Subsidiaries Enter into a Series of Contracts with Defendants and Their Subsidiaries.

18. In mid to late December 2018 and early January, 2019, DCEH executed a series of contracts with Studio, Dream Center Education Management (“DCEM”) and The Arts Institute International, LLC (“AII” and collectively with all its Subsidiaries, the “Ai University System”), Dream Center South University, LLC (“South” and collectively with all its Subsidiaries, the “South University System”), and Argosy Education Group, LLC (“AEG”), Dream Center Argosy University of California, LLC (“Argosy” and collectively with all its Subsidiaries, the “Argosy University System”). These contracts include:

- a. a Framework Agreement;
- b. an Interim Framework Agreement;
- c. an Amended and Restated Framework Agreement;

- d. an Equity and Asset Purchase Agreement
- e. a Master Services Agreement; and
- f. a Transition License Service Agreement.

19. Although these contracts are lengthy and complex, at their core, they are simple enough: they allowed Studio to strip DCEH of all its valuable business assets pertaining to the Art Institute University System and the South University System. These contracts left DCEH all of the debts and liabilities for the Excluded Campuses¹ plus the equity and assets to AEG and Argosy University System. DCEH was therefore left with schools that were in the process of closing thanks to their poor financial performance inherited from EDMC.

A. The Framework Agreement and its Related Contracts.

20. On or about December 22, 2018, Studio, DCEH, DCEM and certain members of the AI University System entered into a Framework Agreement (the “Original Agreement”). A copy the Original Agreement is attached hereto and marked as Exhibit “B”.

21. On or about December 26, 2018, Studio, DCEH, DCEM, South University System, Argosy University System, Ai University System, Candlewood Special Situations Master Fund I, L.P., Flagler Master Fund SPC, Ltd entered into an Interim Framework Agreement (“IFWA”)². A working copy of the IFWA is attached hereto and marked as Exhibit “C”.

22. On or about January 7, 2019, Studio, DCEH, South University System, Argosy University System, Ai University System and each subsidiary university of South,

¹ Capitalized terms shall have the meaning set forth in the ARFWA, EAPA, MSA or TSLA unless otherwise defined herein

² Receiver has only been provided a working version of the IFWA and has never been provided the final version or a fully executed copy of the IFWA even though the Receiver has requested a copy.

Argosy and AII entered into an Amended and Restated Framework Agreement (“ARFWA”). DCEH, South, Argosy, AEG, AII and together with all the subsidiary universities are collectively known as the “Dream Parties.” A copy of the ARFWA is attached hereto and marked as Exhibit “D”³.

23. The ARFWA removed DCEM as a party and added the subsidiary universities of Argosy, South and AII as parties.

24. The ARFWA created the framework for Studio to enter into certain additional agreements with Dream Parties to provide certain services pursuant to and in accordance with the terms of the ARFWA and the Managed Services Agreements (“MSA”).

25. Contemporaneously with the execution of the ARFWA, MSAs would be executed by Studio and each University System whereby Studio would provide Non-Core Services.

26. The ARFWA required that contemporaneously with the execution of the ARFWA (and prior to the consummation and execution of the transactions contemplated by the Equity and Asset Purchase Agreement (“EAPA”)), each University System⁴ shall execute and deliver to Studio a MSA.

27. Pursuant to the MSA, Studio and AII, South and Argosy agreed upon a budget for the operations of each University system that was supposed to reflect sufficient revenue to support the fees payable under the MSA for such Specified Campus, as well as appropriate funding for all required operations including the

³ Receiver’s copy of the Disclosure Schedules to the ARFWA is incomplete. A complete of the Schedules was to be delivered to the parties per the ARFWA by January 31, 2019. The Receiver still has not received a complete list.

⁴ “University System” means individually South University System, Argosy University System and Ai University System and collectively means “University Systems”.

ongoing delivery of academic and other Core Services which are outside the scope of the MSA.

28. There were three MSAs.

- a. One was between Studio and the Argosy University System.
- b. Another was between Studio and AII. This contract provided that the Services would be provided only for the Specified Campuses. The Art Institute entities now in the Receivership Estate were defined to be “Excluded Campuses,” not “Specified Campuses,” and therefore were not covered by that MSA.
- c. The third MSA was between Studio and Dream Center South University LLC. No reference was made to the subsidiary universities, and the signator did not sign in a representative capacity for the subsidiaries, each of which was an independent LLC. Accordingly, the South University entities now in the Receivership Estate were not covered by that MSA.

29. The ARFWA further gave Studio the discretion to purchase or have its Subsidiaries purchase from the Dream Parties certain Non-Core Assets required to provide the service outlined in the managed services agreement with respect to the University System.

30. The ARFWA further gave Studio the discretion to choose which real property leases to assume and then cause such Subsidiary to sublease the Assumed Lease Obligations for those leases.

31. Pursuant to the ARFWA, Studio and DCEH were required to enter into a Transition Services and License Agreement (“TSLA”).

32. Further, Studio was given the right to acquire the Core Assets and Core Assumed Liabilities of any Specified Campus for which Studio or its Affiliates have acquired the Non-Core Assets.

33. Per the ARFWA, Studio was given the right to cause DCEH to assign and transfer 100% of the issued and outstanding equity interest in AII, Argosy and South.

34. As such, contemporaneously with the execution and delivery of the ARFWA, Studio's designee, Defendant Education Principle Foundation ("Foundation") was to enter into an Equity and Asset Purchase Agreement ("EAPA") to purchase the Equity Interest of each of AII and South owned by DCEH.

35. The ARFWA further required that any Excluded Campus to cease using any marks related to the Specified Campuses within one year from the date of the ARFWA.

36. The ARFWA further required that DCEH remove or cause the removal of all directors, trustees, managers and officers of all Boards and Boards Committees and all other position at South, Argosy, AII and their respective Subsidiaries. It gave the Foundation the right to designate the replacement directors, trustees, managers and officers of South, Argosy and AII.

37. The ARFWA required that except for The Art Institute of California-San Diego and the Art institute of Seattle, DCEH was obligated to Teach-Out any campus identified as an Excluded Campus

38. The ARFWA required DCEH and each member of the Argosy University System and each member of the Ai University System to grant to Studio, for its benefit, to secure payment and performance in full of the obligations and liabilities of DCEH the Argosy University System and the Ai University System, a continuing security interest

in, and pledges to Studio all of its respective right, title and interest in and to, the Collateral.

39. DCEH and each member of Argosy University System and the Ai University System authorized Studio to file UCC financing statements with all appropriate jurisdictions to perfect or protect Studio and its Affiliates interests or rights hereunder in the Collateral.⁵ DCEH and the other entities complied with their obligation to so file, and copies of the UCC Financing Statements are collectively attached hereto as Exhibit “E”.

40. The ARFWA further required DCEH and each member of the AI University System and Argosy and AEG to execute and deliver a bill of sale assignment and assumption agreement pursuant to which each Ai Receivable Assignor would assign to Studio all accounts receivable that are Collateral for the consideration of One Dollar.

B. The Equity Asset Purchase Agreement.

41. On or about January 7, 2019, Foundation, South University System, Ai University System (collectively as “Purchasers”) and DECEH as Seller entered into an EAPA. A copy of the unexecuted EAPA is attached hereto as Exhibits “G”.

42. Pursuant to the EAPA, Studio designated (a) the Foundation to purchase the Equity Interests of AII and South (“Transferred Interests”), provided that prior to such purchase, the Equity Interest in the Excluded Campuses were transferred to DCEH; (b) AII to purchase the Business Assets⁶ used exclusively by the Ai University

⁵ The security interests granted by Argosy University System herein only applied to the assets of the following Arts Institute campuses which are a part of the Argosy University System: The Art Institute of California – Hollywood; The Arts Institute of California- Orange County; The Arts Institute of California – Inland Empire; The Arts Institute of California – Sacramento; and The Arts Institute of California – San Francisco.

⁶ Business Assets included the assets of Seller with respect to the Specified and Excluded Campuses.

System (AII Transferred Assets”); and (c) South to purchase the Business Assets used exclusively by the South University System (“South Transferred Assets”)

43. The purchase price for the AII Transferred Assets (which included all Accounts Receivable of or related to the AI University System held by DCEH) was One Dollar (\$1.00) plus the assumption of the AII Assumed Liabilities.

44. The purchase price for the South Transferred Assets was One Dollar (\$1.00) plus the assumption of the South Assumed Liabilities.

C. The Managed Services Agreements.

45. On or about January 7, 2019, Studio entered into MSAs with each of AII, South, AEG, and Argosy. The MSA for South is attached hereto as Exhibit “H”. The MSA for the Argosy University System is attached hereto as Exhibit “I”. The MSA for AII is attached hereto as Exhibit “J”.

46. The MSAs provided that Studio, subject to DCEH meeting its obligation under the TSLA, would provide the operational support services as further set forth in the Statement of Work attached to the MSA as Exhibit A.

47. The Statement of Work required Studio to provide (i) Financing and General Services, (ii) Program Analysis, Marketing, and New Inquiry Generation, (iii) Enrollment Management Through Application, (iv) Student Life Cycle Support Services, and (v) Student Mentoring Services (post-enrollment).

48. The schools themselves were responsible for providing the Core Services.

49. The MSA allowed Studio to provide the services through the TSLA with DCEH or third parties.

50. Studio was to be paid a monthly fee for the provision of services, with the payment to be made *in advance* and equal to the projected Service Fee (subject to the True-Up amount, if any), plus the TSA Fee as that term is defined in the MSA.

51. The Projected Service Fee was to be paid by the University monthly in advance on the first day of each month of the Term in cash by wire to the account specified by Studio.

52. The MSAs state that if the University, as that term is defined in each MSA, fails to pay its portion of the TSLA during the Initial Term (through the payment of Non-Core Expenses that correspond to the University's allocated share of the TSA fee), DCEH may not be able to continue to provide the shared services to the other Universities that also receive such shared services.

53. The Initial Term for the MSA was for a period for fifteen (15) years.

D. The Transition Services and License Agreement.

54. On or about January 7, 2019, Studio and DCEH entered into a TSLA. An execution version of the TSLA is attached hereto as Exhibit "K".

55. The TSLA allowed Studio to subcontract with DCEH for it to provide certain of the Managed Services that Studio was obligated to provide to the University.

56. The TSLA further granted Studio the right to purchase from DCEH the full right and ability to use such software and other Technology and to receive certain Managed Services.

57. Pursuant to the TSLA, DCEH agreed to provide the Transition Service set forth on Schedule A during the Initial Term.

58. The Transition Services include: (i) Accounting Services; (ii) Financial Information Systems Services, (iii)FP&A Services, (iv) Procurement Services, (v)

HR/Benefit Services, (vi) Payroll Services, (vii) Marketing Services & Communication Services, (viii) State Licensing Services, (ix) Central Student Financial Services, (x) Corporate Support, (xi) Information Technology (xii) Data Downloads, (xiii) Design, Development or Migration of IT Systems, (xiv) Service Center, and (xv) Managed Services. The Transition Services were all services Studio was obligated to provide pursuant to the MSAs.

59. As compensation for DCEH's provision of the Transition Services, Studio was to pay DCEH the monthly fees set forth on Schedule A within ten (10) Business Days after the end of each month of the Term, even though Studio was paid in advance on the first day of the previous month.

60. Studio, therefore, would retain the difference between the Service Fee and the Transition Services Fee.

61. Upon information and belief, the Initial Term of the TSLA began on January 7, 2019 and continues in effect until termination of the MSA.

III. The Equity Asset Purchase Agreement Allowed Studio to Strip DCEH of All Its Valuable Business Assets.

62. The theory underlying the MSA and the TSLA was that the Universities would receive monies from the United States Department of Education (the "DOE"), pay those monies over to Studio pursuant to the Service Fee, which Studio would then pay DCEH as the Transition Services Fee, retaining for itself the difference.

63. The EAPA also allowed Studio to strip DCEH of all valuable Business Assets pertaining to the Ai University System and the South University System, while leaving with DCEH all of the debts and liabilities for the Excluded Campuses. DCEH

was therefore left with schools that were in the process of closing thanks to their poor financial performance inherited from EDMC.

64. Studio's consideration of One Dollar (\$1.00) for the Transferred Interest for Ai and South and an additional One Dollar (\$1.00) each for the Transferred Assets of the Ai University System and South University System was inadequate consideration for the Transferred Interest and Transferred Assets that Studio received.

65. Studio has failed to abide by its obligations under the ARFWA, EAPA, MSA and TSLA.

66. Studio has failed to pay DCEH the Transition Services Fee as set forth in the TSLA, and, therefore, making it impossible for DCEH to continue provide the Transition Services.

67. As DCEH becomes unable to provide the Transition Services, Studio has failed to provide the Services due Ai University System, South University System and Argosy University System.

68. Studio further failed to set up an account with Microsoft Team Foundation Services per the terms of the TSLA.

CAUSES OF ACTION

COUNT I: Rescission

69. Plaintiff incorporates by reference the allegations set forth in paragraphs 1 through 68 hereof as if fully re-written.

70. Upon information and belief, Studio provided no services, funds, or other things of value in exchange for DCEH entering into the ARFWA, EAPA, and the TSLA and the Receivership Entities, through their Parent Company entering into Managed

Service Agreements (ARFWA, EAPA, MSA and TSLA are hereinafter collectively referred to as the “Contracts”).

71. The Contracts therefore fail for want of consideration.

72. The Contracts are unconscionable on both substantive and procedural grounds.

73. The Contracts are unconscionable on substantive grounds insofar as they: call for DCEH and the Receivership Entities to pay for services Studio will either provide, or pay to have provided; maintain an overall imbalance in the obligations and rights imposed thereunder; provide Studio with unjustified and unjustifiable liquidated damages of the amount of the Service Margin (calculated as the product of (i) the Non-Core Expenses multiplied by (ii) Margin Rate, provided that during the Initial term the Service margin shall not be less than the Minimum Service Margin (i.e. \$1,000,000.00)) for the duration of the Initial Term in the event the Receivership Entities terminate them without cause; and pay Studio a Service Fee for doing absolutely nothing. Accordingly, the Contracts must fail since they are so extreme as to appear unconscionable according to the mores and business practices of today

74. The Contracts are unconscionable on a procedural basis insofar as the lopsided terms resulted from the imbalance in bargaining power.

75. Upon information and belief, the Receiver contends that DCEH and the Receivership Entities were forced into the Contracts by the United States Department of Education with the threat that the DOE would cut all funding to the schools unless the money flowed through Studio in the process set forth by the Contracts. The Receiver further alleges under information and belief that Defendants’ representatives spent considerable time and resources pitching the deal to the DOE to thereby cause DOE to

force the Contracts upon the Receivership Entities. There was no legitimate negotiation of the Contracts. Accordingly, the Contracts must be considered procedurally unconscionable.

76. Equitable rescission is the only appropriate remedy insofar as the Contracts resulted in not only the Receivership Entities being required to pay Studio at a minimum \$1 million per month for the remainder of the Initial Term, with Studio thereafter refusing to pay DCEH the Transition Services Fee it contracted with DCEH to pay, while Studio took a security interest in the Collateral of the entities set forth on the UCC financing statements. Studio filed UCC financing statements to perfect those security interests. Only an equitable rescission affected by this Court will serve to unwind the entire transaction, including the cancellation of the wrongfully-filed UCC financing statements.

77. Accordingly, DCEH seeks equitable rescission of the Contracts to which it is a party; specifically, the Framework Agreement, The Interim Framework Agreement, The Amended & Restated Framework Agreement, The Transition Services and License Agreement, and to the extent it conveyed equity and assets of any Receivership Entities, the Equity and Asset Purchase Agreement.

78. AEG and Argosy seek rescission of the Master Services Agreements they entered.

79. The Receivership Entities seek rescission of the Amended & Restated Framework Agreement.

80. Should the Court grant equitable rescission, Studio or its designee, Foundation, will continue to own the Transferred Interest in AII and South plus continue to have all right and title to the Transferred Assets of the Specified Campuses.

COUNT II: Rejection – Declaratory Judgment

81. Plaintiff incorporates by reference the allegation set forth in paragraphs 1 through 80 hereof as if fully re-written.

82. Pleading in the alternative, and in the event this Court is unwilling or unable to equitably rescind the Contracts as requested, the Receiver requests declarations of the parties' rights thereunder and his ability to Reject the Contracts.

83. Pursuant to both common law and this Court's Order of January 18, 2019 (Order Appointing Receiver, Doc # 8), the Receiver has the right and ability to reject any contract not deemed to be in the interest of creditors of the estate.

84. The Contracts operate to the sole and exclusive benefit of Defendants alone – not the creditors of the receivership estate on the whole.

85. The Receiver accordingly rejects the Contracts, and Studio will suffer no compensable damages as a result.

86. The Receiver asks for a declaration from this Court that he is entitled to reject the Contracts and have the Business Assets of the Receivership Entities returned to Plaintiff.

87. The Receiver further asks for a declaration from this Court that Defendants are entitled to no damages as a result of his rejection of the Contracts.

COUNT III: Breach of Contract

88. Plaintiff incorporates by reference the allegations set forth in paragraph 1 through 87 hereof as if fully rewritten herein.

89. Per the TSLA, DCEH agreed to provide Transition Services and such other Managed Services as may be required for Studio to perform its obligations under the MSAs, and in exchange, Studio was to pay DCEH the Transition Service Fee within 10

Business Days after the end of each month of the Term as set forth in the TSLA, which corresponded to the Initial Term as set forth in the MSA.

90. DCEH has provided the requisite services due under the TSLA.

91. Studio has failed, despite due demand from Plaintiff, to pay the full Transition Service Fee.

92. Studio has also failed to set up an account with Microsoft Team Foundation Services per the terms of the TSLA.

93. Studio has therefore breached the Contracts, and Plaintiff expects the breaches to continue as each month's payment due DCEH comes due.

94. As a direct and proximate result of Defendant's breach, DCEH has been damaged in an amount in excess of \$75,000.00.

COUNT IV: Unjust Enrichment

95. Plaintiff incorporate by reference the allegations set forth in paragraphs 1 through 95 hereof as if fully rewritten.

96. Studio was paid the sums required under the Contracts, but has failed to provide (or pay for the provision of) the services it was required to provide thereunder.

97. Upon information and belief, Plaintiff contends that Studio has not performed any other obligations required under the Contracts.

98. As a result of having been paid, yet providing no service or value whatsoever, Studio has been unjustly enriched in the amount of at least \$2.6 million as of February 15, 2019. That sum will increase for each subsequent month in which DCEH provides services and Defendant fails to pay the requisite sums due.

WHEREFORE, Mark E. Dottore, the Court-appointed Receiver and Plaintiff in this action, respectfully demands relief as follows:

1. Upon Count One of the Complaint, with an Order from this Court awarding equitable rescission, thereby putting the parties where they were before the Contracts were entered, voiding the Contracts *ab initio*, requiring Foundation to transfer back to DCEH the Transferred Interests and to return to Plaintiff the Business Assets formerly owned by the Receivership Entities, and to terminate all UCC Financing Statement filed by or on behalf of Studio to perfect its security interest in the Collateral of the entities set forth on the financing statements;

2. In the alternative, upon Count Two of the Complaint, issuing a judgment declaring the Receiver's right to reject the Contracts, return to Plaintiff the Business Assets formerly owned by the Receivership Entities, to terminate the UCC Financing Statements filed by or on behalf of Studio to perfect its security interests in the Collateral of the entities set forth on the financing statements , and further declaring that Defendant is owed nothing as a result of the rejection.

3. Upon Count Three of the Complaint, with an Order from this Court requiring Studio to pay DCEH an amount in excess of \$75,000 due under the TSLA

4. Upon Count Four of the Complaint, with an Order from this Court requiring Studio to pay DCEH an amount in excess of \$75,000 to compensate DCEH for the services it has provided pursuant to the TSLA;

6. Judgment against Defendants awarding investigation costs incurred by the Receiver and reasonable attorneys' fees to the extent permitted by law; and

7. For such other relief as this Court may find just and equitable.

Dated: February 21, 2019

Respectfully submitted,

/s/ Robert T. Glickman

Robert T. Glickman (0059579)

Charles A. Nemer (0009261)

Robert R. Kracht (0025574)

Hugh D. Berkson (0063997)

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Special Counsel for the Receiver

JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38, Plaintiff Mark Dottore, Court-appointed Receiver for the Receivership Entities, seeks a trial by jury on all claims herein so triable.

/s/ Robert T. Glickman

Robert T. Glickman (0059579)

One of the Attorneys for the Receiver

VERIFICATION

CALIFORNIA
STATE OF ~~OHIO~~)
ALAMEDA) ss:
~~CUYAHOGA~~ COUNTY)

Mark E. Dottore, being duly sworn, deposes and states and follows:

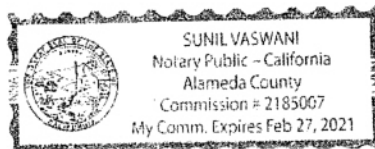
1. I am the Court-appointed Receiver for the Receivership Entities, and I am the Plaintiff in this lawsuit.
2. I have reviewed the Verified Complaint. The facts alleged in the Verified Complaint are true and accurate to the best of my knowledge.

Mark E. Dottore
 Mark E. Dottore
 5916 24 Berkeley CA.

SWORN TO BEFORE ME, and subscribed in my presence, this 20th day of February, 2019.

Sunil Vaswani

 NOTARY PUBLIC



**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

| | | |
|--------------------------------|---|----------------------|
| MARK E. DOTTORE, RECEIVER |) | CASE NO. 1:19-cv-380 |
| |) | |
| Plaintiff, |) | |
| |) | JUDGE |
| v. |) | |
| |) | |
| STUDIO ENTERPRISE MANAGER, LLC |) | |
| <i>et al.</i> , |) | |
| |) | |
| Defendants. |) | |

**MEMORANDUM IN SUPPORT OF RECEIVER’S MOTION FOR A
TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION**

Plaintiff Mark E. Dottore, as the Court-appointed Receiver for the Receivership Entities¹ (the “Receiver”), moves this Court, under Fed. R. Civ. P. 65(a) and (b), to issue a temporary restraining order and preliminary injunction requiring Defendants Studio Enterprise Manager, LLC and Education Principle Foundation to (1) pay the Receiver \$2.1 million, which is due and owing, and (2) transfer to the Receiver any and all monies

¹ The “Receivership Entities” are South University of Ohio LLC, Dream Center Education Holdings LLC, The DC Art Institute of Raleigh-Durham LLC, The DC Art Institute of Charlotte LLC, DC Art Institute of Charleston LLC, DC Art Institute of Washington LLC, The Art Institute of Tennessee – Nashville LLC, AiTN Restaurant LLC, The Art Institute of Colorado LLC, DC Art Institute of Phoenix LLC, The Art Institute of Portland LLC, The Art Institute of Seattle LLC, The Art Institute of Pittsburgh, DC LLC, The Art Institute of Philadelphia, DC, LLC, DC Art Institute of Fort Lauderdale LLC, The Illinois Institute of Art LLC, The Art Institute of Michigan LLC, The Illinois Institute of Art at Schaumburg LLC, DC Art Institute of Phoenix, LLC and its direct subsidiaries the Art Institute of Las Vegas LLC, the Art Institute of Indianapolis, LLC, and AiIN Restaurant LLC; Dream Center Argosy University of California LLC and its direct subsidiaries, and Argosy Education Group LLC; Dream Center Education Management LLC; and, South University of Michigan LLC. See Order Appointing Receiver (Doc. 8) at 3-4, *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 1:19-cv-145 (N.D. Ohio Jan. 18, 2019); see also Order Clarifying Order Appointing Receiver (Doc. 14) at 1, *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 1:19-cv-145 (N.D. Ohio Jan. 25, 2019) (removing AU Student Funding, LLC as a “Receivership Entity”).

received in February 2019 from or on behalf of Art Institutes International, LLC (“AII”) and its subsidiaries (“Ai University System”), Dream Center South University LLC (“South”) and its subsidiaries (“South University System”), Dream Center Argosy University of California LLC (“Argosy”) and its subsidiaries (“Argosy University System”), and Argosy Education Group LLC (AEG”).

Absent this emergency injunctive relief, the Receivership Entities will be unable to meet payroll, its computer system will shut down, and the Ai University System, Argosy University System and the South University System will collapse, leaving tens of thousands of students out in the cold.

INTRODUCTION

On January 18, 2019, Mark Dottore was appointed receiver of Dream Center Education Holdings, LLC (“DCEH”) and its subsidiaries, the Argosy University system and a select few other South University and Art Institutes campuses. A few weeks earlier, at the beginning of the new year, DCEH owned three full university systems: South University, Art Institutes, and Argosy University. It had purchased those three systems from Education Management Corporation (“EDMC”) in October of 2017. Shortly after it purchased the three university systems, DCEH realized that EDMC had seriously misrepresented the status of the three school systems and, in fact, it was likely those schools would fail absent a significant restructuring. Desperate to try to save the schools and protect the students, at the insistence of the Department of Education (“DOE”) DCEH entered into a series of contracts with Defendant Studio Enterprise Manager, LLC (“Studio”) and its related company Defendant Education Principle

Foundation (“Foundation”) whereby all Business Assets² of Ai University System and South University System were transferred to AII and South. Prior to the transfer of the Business Assets, DCEH transferred the equity interest in AII and South to Foundation except that the equity interest in Excluded Campuses remained with DCEH. As a result, the only assets that remained were the equity interest in Argosy University System and AEG, assets in the Argosy University System and the liabilities and obligations of the Excluded Campuses.

In short, the only campuses remaining after the transaction were those that were failing without hope of redemption, i.e. the Excluded Campuses, Argosy University System and AEG. Those were the campuses that have been entered into receivership.

Pursuant to the Managed Services Agreements (“MSAs”) which were entered into with AII, South and Argosy, Studio contractually obligated itself to provide Managed Services. Pursuant to the Statement of Work which was attached to the MSA as Exhibit A, Studio was required to provide: (i) Financing and General Services, (ii) Program Analysis, Marketing, and New Inquiry Generation, (iii) Enrollment Management Through Application, (iv) Student Life Cycle Support Services, and (v) Student Mentoring Services (post-enrollment). The MSA allowed Studio to contract with DCEH, though a Transition License Servicing Agreement (“TSLA”), to provide certain of the Managed Services which Studio was to provide. DCEH was therefore to provide the Transition Services which included: (i) Accounting Services; (ii) Financial Information Systems Services, (iii)FP&A Services, (iv) Procurement Services, (v) HR/Benefit Services, (vi) Payroll Services, (vii) Marketing Services & Communication Services, (viii)

² Capitalized terms shall have the meaning set forth the Complaint unless otherwise defined herein.

State Licensing Services, (ix) Central Student Financial Services, (x) Corporate Support, (xi) Information Technology (xii) Data Downloads, (xiii) Design, Development or Migration of IT Systems, (xiv) Service Center, and (xv) Managed Services, if Studio requested DCEH to provide. A single computer system in Pittsburgh owned by DCEH has been used to provide the Transition Services for all three university systems. The obligation for DCEH to continue to provide the Transition Services is equal to the Initial Term of the MSA, which is fifteen (15) years.

As set forth in the Complaint and the attached Declaration of Mark Dottore (attached as Exhibit A), the three university systems have paid Studio certain sums of money, believed to be in excess of \$6 million; in February 2019 alone, the South University System paid Studio approximately \$1.3 million and the Ai University System paid Studio, upon information and belief, approximately \$1.0 million. Studio was to have paid DCEH the sum of \$3.9 million for the services provided to date, but has paid only \$1.8 million, leaving \$2.1 million due. Further, DCEH is owed another \$3.9 Million on March 14, 2019 for the Transition Service DCEH provided in February 2019. The money is desperately needed to cover all of the Transition Services that DCEH is required to provide including, but not limited to, payroll, health benefits, and operating expenses. Absent those funds, it is certain that all three university systems will close, leaving tens of thousands of students out in the cold without a way to complete their degrees at the schools, or transfer their credits to another institution that will acknowledge the credits earned at each campus thereby allowing the students to pick up their studies without interruption. Unless this Court orders Studio to pay the funds owed (\$2.1 million) and the funds it wrongfully received from South (\$1.3 million) and Ai (\$1.0 million), the Receivership Entities will be unable to operate, the Ai University

System, Argosy University System and the South University System will close, and the schools' tens of thousands of students will bear the brunt of the damage.

ARGUMENT

A plaintiff seeking a temporary restraining order or preliminary injunction must demonstrate: (1) that he is likely to succeed on the merits; (2) that he is likely to suffer irreparable injury in the absence of preliminary relief; (3) that the balance of the equities tips in his favor; and (4) that an injunction is in the public interest. *Winter v. Nat. Res. Def. Council*, 555 U.S. 7, 20 (2008). “The same standard generally applies to the issuance of temporary restraining orders and preliminary injunctions.” *Midwest Retailer Associated, Ltd. v. City of Toledo*, 563 F. Supp. 2d 796, 802 (N.D. Ohio 2008) (citing *Ne. Ohio Coal. for Homeless & Serv. Employees Int’l Union, Local 1199 v. Blackwell*, 467 F.3d 999, 1009 (6th Cir. 2006)). “These factors are not prerequisites that must be met, but are interrelated considerations that must be balanced together.” *Mich. Coal. of Radioactive Material Users, Inc. v. Griepentrog*, 945 F.2d 150, 153 (6th Cir. 1991). “For example, the probability of success that must be demonstrated is inversely proportional to the amount of irreparable injury the movants will suffer absent the stay.” *Ne. Ohio Coal. for Homeless & Serv. Employees Int’l Union, Local 1199 v. Blackwell*, 467 F.3d 999, 1009 (6th Cir. 2006).

Here, all four factors counsel strongly in favor of emergency relief. The Court should grant a temporary restraining order and preliminary injunction in favor of the Receiver.

I. The Receiver Is Likely to Succeed on the Merits.

A. Rescission

The Receiver is substantially likely to win on his equitable rescission claims. As set forth in the Complaint, DCEH seeks equitable rescission of the Contracts to which it is a party; specifically, the Framework Agreement, The Interim Framework Agreement, The Amended & Restated Framework Agreement, The Transition Services and License Agreement, and to the extent it conveyed equity and assets of any Receivership Entities, the Equity and Asset Purchase Agreement. AEG and Argosy seek rescission of the Master Services Agreements they entered. Further, the Receivership Entities seek rescission of the Amended & Restated Framework Agreement.

In Delaware,³ there are two conditions precedent to the granting of rescission: 1) the rescinding party must offer to restore the other party to its precontractual status; and 2) the court must be able to effectuate this restoration by decree. *See, e.g., Hegarty v. American Commonwealths Power Corp.*, 163 A. 616 (Del.Ch.1932) (citing Black on Rescission and Cancellation (2d Ed.) § 616). While the Receiver has made demands upon Defendants to return to a pre-contract status, Studio has staunchly refused to do so. This Court is able to fashion a decree to unwind the transactions and put the parties back to where they were before the Contracts were entered.

Thanks to the myriad of parties and contracts, and the fact that Studio filed UCC-1s to protect its alleged interests, equitable rescission is the proper remedy in this instance.

Equitable rescission is appropriate when the relief needed is more than a judicial declaration that a contract is invalid and an award returning the money or property to the plaintiff to restore them to their original

³ These contracts, by their terms, call for application of Delaware law.

condition. It remedies situations "when damages are not available, the amount of damages not ascertainable, or when damages are inadequate to do justice." It is the "unmaking" of an agreement and the attempt to return the parties to the *status quo*.

Marina View Condominium Assn. of Unit Owners v. Rehoboth Marina Ventures, LLC, Ch. No. 2017-0217-PWG, 2018 Del. Ch. LEXIS 79, at *14 (Mar. 6, 2018).

The goal of equitable rescission is to erase the contract as if they had never existed. "Thus, the remedy of equitable rescission typically requires that the court cause an instrument, document, obligation or other matter affecting plaintiff's rights and/or liabilities to be set aside and annulled, thus restoring plaintiff to his original position and reestablishing title or recovering possession of property." *E.I. Du Pont de Nemours & Co. v. HEM Research, Inc.*, Ch. Civil Action No. 10747, 1989 Del. Ch. LEXIS 132, at *8 (Oct. 13, 1989). Restoring the parties to their pre-transaction status is made somewhat easier by the simple fact that the transactions were entered in early January, 2019. Damages have not yet grown to as large a magnitude as they would have had the Contracts been allowed to run longer. Accordingly, the best result would be to unwind the Contracts and put the parties back to where they were before DCEH was forced into the transaction.

The Receiver has plead for rescission based on a several fatal flaws with the Contracts: including failure of consideration and unconscionability. He is substantially likely to win equitable rescission on either ground. First, regarding the lack of consideration, the Receiver expects to be able to prove that Studio and Foundation paid nothing for the Transferred Interest and the Business Assets, including the assets belonging to the "Excluded Campuses."⁴ Furthermore, Studio has neither provided the

⁴ The "Excluded Campuses" were defined to mean: DC Art Institute of Charleston LLC, DC Art Institute of Washington LLC, Art Institute of Tennessee – Nashville LLC, Art

services required under the Managed Services Agreements, nor has it paid DCEH the sums required to provide the Transition Services. Accordingly, absent any consideration (much less adequate consideration), the contracts fail.

Second, the contracts should be rescinded as they are unconscionable. Delaware courts have defined unconscionability as “Traditionally, a contract is unconscionable if it is ‘such as no man in his senses and not under delusion would make on the one hand, and no honest or fair man would accept, on the other.’” *Marina View Condominium Assn. of Unit Owners v. Rehoboth Marina Ventures, LLC*, Ch. No. 2017-0217-PWG, 2018 Del. Ch. LEXIS 79, at *19 (Mar. 6, 2018)(citing *James v. National Financial, LLC*, 132 A.3d 799, 813 (Del. Ch. 2016), citing *Tulowitzki v. Atl. Richfield Co.*, 396 A.2d 956, 960 (Del. 1978)). Delaware law then recognizes two types of unconscionability: substantive and procedural. Substantive unconscionability is described:

Substantive unconscionability looks for evidence of a "gross imbalance that 'shocks the conscience'" and whether the terms of the bargain are "so extreme as to appear unconscionable according to the mores and business practices of the time and place." Its factors focus on a cost-price disparity, denial of basic rights and remedies, penalty clauses, placement of disadvantageous clauses in inconspicuous locations or among fine print trivia, paraphrasing of disadvantageous clauses in confusing language or in a manner that obscures the problems they raise, and an overall imbalance in the obligations and rights imposed by the bargain.

Marina View Condominium Assn. of Unit Owners v. Rehoboth Marina Ventures, LLC, Ch. No. 2017-0217-PWG, 2018 Del. Ch. LEXIS 79, at *20 (Mar. 6, 2018).

Institute of Colorado LLC, DC Art Institute of Phoenix LLC, Art Institute of Portland LLC, Art Institute of Pittsburgh DC LLC, Art Institute of Fort Lauderdale LLC, Illinois Institute of Art LLC, Art Institute of Michigan LLC, Illinois Institute of Art at Schaumburg LLC, Art Institute of Las Vegas LLC, Art Institute of Indianapolis LLC, DC Art Institute of Charlotte LLC, DC Art Institute of Raleigh-Durham LLC, AiIN Restaurant LLC, AiTN Restaurant LLC, Art Institute of Seattle LLC, South University of Michigan LLC, and South University of Ohio LLC. All of these entities are included within the receivership estate and are therefore included in the definition of Receivership Entities.

The Receiver will be able to prove that just such a gross imbalance existed herein. Under the Contracts, the Excluded Campuses gave up their assets for nothing, but were bound to pay Studio for Managed Services which Studio did not provide, and did not pay DCEH to provide Transition Services on its behalf. The Argosy campuses similarly were bound to pay Studio for those same Managed Services Studio has not provided, and did not pay to have provided. But, per the terms of the Managed Service Agreements, if Argosy wanted to terminate the contracts, it would owe at least \$1 million for each month remaining in for the Initial Term. Even under the most favorable interpretation of the documents, Studio could not have expected to reap one million dollars per month in profit had the contracts proceeded as designed. The Contracts were obviously unfairly tilted to the benefit of one party alone: Studio.

The Contracts are also fatally flawed for their procedural unconscionability. The term is defined:

Procedural unconscionability focuses on the relative bargaining strength of the parties to determine if "seemingly lopsided terms might have resulted from arms'-length bargaining." Factors relating to procedural unconscionability concentrate on "inequality in bargaining or economic power, exploitation of underprivileged, unsophisticated, uneducated, and illiterate, use of printed form or boilerplate contracts drawn skillfully by the party in the strongest economic position, which establish industry-wide standards offered on a take it or leave it basis to the party in a weaker economic position, and the circumstances surrounding the execution of the contract, including its commercial setting, its purpose, and actual effect." If the contract resulted from legitimate negotiation then, regardless of whether it was a bad bargain, the court should not intervene.

Marina View Condominium Assn. of Unit Owners v. Rehoboth Marina Ventures, LLC, Ch. No. 2017-0217-PWG, 2018 Del. Ch. LEXIS 79, at *20-21 (Mar. 6, 2018)(citations omitted).

The imbalance of terms was the direct and obvious result of DCEH's inability to negotiate the terms of the agreements. On information and belief, the Receiver alleges

that the Studio deal was presented by the Department of Education as a “Take it, or we’ll cut off your funding today” prospect, with the “cut off your funding today” resulting in the immediate and irreparable harm to the students affected by immediate campus closures. It does not appear that DCEH had the ability to negotiate the substantive terms of the Contracts, and was under incredible pressure to enter them in an effort to save the schools and protect the students. There were no legitimate negotiations underlying the final documents, and the resulting documents demonstrate an unconscionable balance of interests.

B. Breach of Contract

The Receiver will be able to prove a breach of contract claim against Defendant sufficient to warrant equitable rescission. The three university systems, including the Argosy University System within the Receivership estate, paid Defendant at least \$1.3 million each in January and South and AII have made their February payment, thereby meeting their obligations under their MSAs. Argosy has not made its February payment since the Receiver believes there is no basis for Argosy to make said payment since Argosy has not received any of the Services Studio is to provide. DCEH provided the Transition Services it was required to do under the TSLA. Yet Studio has failed to pay the full amount due and owing DCEH as required under the TSLA. Studio is therefore in breach.

Breach of contract, by itself, has been found to be sufficient grounds for equitable rescission. *Marina View Condominium Assn. of Unit Owners v. Rehoboth Marina Ventures, LLC*, Ch. No. 2017-0217-PWG, 2018 Del. Ch. LEXIS 79 (Mar. 6, 2018); *Schlosser & Dennis, LLC v. Traders Alley, LLC*, C.A. No. N16C-05-190 RRC, 2017 Del. Super. LEXIS 331 (July 6, 2017), *Sheehan v. Hepburn*, 37 Del Ch. 90, 138 A.2d 810, 821

(Del Ch. 1958)(“outright refusal of one party to a contract to perform the contract or its essentials constitutes such a repudiation as to entitle the other contracting party to treat the contract as rescinded.”) Studio, having had no reason whatsoever to refuse to pay DCEH the sums due under the TSLA, must be deemed a repudiation entitling DCEH, AEG and Argosy to rescission of the MSA and TSLA.

II. The Students Will Be Irreparably Injured Absent Injunctive Relief.

Although a plaintiff ordinarily must establish more than mere monetary injury to meet the irreparable harm element, the Sixth Circuit has recognized that the irreparable harm element of the preliminary injunction framework may be satisfied on a showing that, absent an injunction, financial hardship would be so severe that it would cause the moving entity to be “completely wiped out,” thereby rendering “a later judgment on the merits meaningless.” *Stenberg v. Cheker Oil Co.*, 573 F.2d 921, 924 (6th Cir. 1978); *see also Performance Unlimited, Inc. v. Questar Publishers, Inc.*, 52 F.3d 1373, 1382 (6th Cir.1995) (“The impending loss or financial ruin of [a] business constitutes irreparable injury.”). This is such a case. To put it bluntly, unless the Receiver receives an immediate influx of cash the Receivership Entities along with the AI University System and the South University System will fail. The Receiver desperately needs the money due from Studio under the TSLA in order for DCEH to be able to continue to provide the services required thereunder. If DCEH is rendered unable to pay the costs associated with the provision of those services, and therefore forced to shut down the servers and terminate the staff’s employment, all three university systems AII, South, and Argosy, will fail as a result of the total lack of critical services like payroll, human resources, IT, accounting and other fundamental requirements of running any business. This type of irreparable harm that the Receiver is likely to suffer, “the loss of its business, is precisely

the type of harm which necessitates the granting of preliminary injunctive relief” because a later judgment in the Receiver’s favor “will be a meaningless or hollow formality.” *Performance Unlimited*, 52 F.3d at 1382.

While the Receivership estate maintains a claim for damages due upon Studio’s breach of contract, the more important issue is what happens as the estate is deprived of the cash flow needed to complete the teach-outs and provide the Transition Services needed through the teach-out process. A campus shuttered in violation of the teach-out obligations will result in students who lose credit for the classes for which they were then enrolled. More importantly, however, those students will not have been given an opportunity to continue their studies at another institution that provides full credit for the student’s already-completed coursework. The affected students will lose at least a semester, if not years of work. If Studio is allowed to spend, transfer, or otherwise hide the money it collected from the Receivership Estate, South University, and AII, no amount of damages will put the students where they would have been but for the dissipation of the funds currently being held by Studio.

III. The Balance of Equities and the Public’s Interest Strongly Favor Injunctive Relief Here.

The issue is whether Studio should be free to spend, transfer, or hide the money it collected from the Receivership Estate, AII, and South, which it owes to DCEH under the Contracts its own lawyers drafted, while the Receivership Entities and the university systems collapse. Studio has not, itself, provided any services, meaning there cannot be any conceivable expenses to offset the money it is holding. The public interest and equities involved clearly favor the Receiver. Not having incurred any expenses, Studio’s sole complaint is that it loses the use of the money it did not earn. Weighing Studio’s

complaint against the preservation of the educational track for tens of thousands of students, the balance weighs in favor of the requested relief.

CONCLUSION

For the foregoing reasons, the Receiver requests that this Court issue a temporary restraining order and preliminarily injunction requiring Defendants Studio Enterprise Manager, LLC and Education Principle Foundation to (1) pay the Receiver \$2.1 million, which is due and owing, and (2) transfer to the Receiver any and all monies received in February 2019 from or on behalf of AII and the Ai University System, South and the South University System, Argosy and the Argosy University System and AEG.

Dated: February 21, 2019

Respectfully submitted,

/s/ Robert T. Glickman

Robert T. Glickman (0059579)

Charles A. Nemer (0009261)

Robert R. Kracht (0025574)

Hugh D. Berkson (0063997)

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can@mccarthylebit.com

rrk@mccarthylebit.com

hdb@mccarthylebit.com

nro@mccarthylebit.com

Special Counsel for the Receiver

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

| | | |
|---------------------------------|---|----------------------|
| MARK E. DOTTORE, RECEIVER |) | CASE NO. 1:19-cv-380 |
| |) | |
| Plaintiff, |) | JUDGE |
| |) | |
| v. |) | |
| |) | |
| STUDIO ENTERPRISE MANAGER, LLC, |) | |
| et al. |) | |
| |) | |
| Defendants. |) | |

**RECEIVER’S MOTION FOR A TEMPORARY RESTRAINING ORDER
AND PRELIMINARY INJUNCTION**

Plaintiff Mark E. Dottore, as the Court-appointed Receiver for the Receivership Entities¹ (the “Receiver”), moves this Court, under Fed. R. Civ. P. 65(a) and (b), to issue a temporary restraining order and preliminary injunction against Defendants Studio Enterprise Manager, LLC and Education Principle Foundation to (1) pay the Receiver \$2.1 million, which is due and owing, and (2) transfer to the Receiver any and all monies received in February 2019 from or on behalf of Art Institutes International, LLC(“AII”) and its subsidiaries

¹ The “Receivership Entities” are South University of Ohio LLC, Dream Center Education Holdings LLC, The DC Art Institute of Raleigh-Durham LLC, The DC Art Institute of Charlotte LLC, DC Art Institute of Charleston LLC, DC Art Institute of Washington LLC, The Art Institute of Tennessee – Nashville LLC, AiTN Restaurant LLC, The Art Institute of Colorado LLC, DC Art Institute of Phoenix LLC, The Art Institute of Portland LLC, The Art Institute of Seattle LLC, The Art Institute of Pittsburgh, DC LLC, The Art Institute of Philadelphia, DC, LLC, DC Art Institute of Fort Lauderdale LLC, The Illinois Institute of Art LLC, The Art Institute of Michigan LLC, The Illinois Institute of Art at Schaumburg LLC, DC Art Institute of Phoenix, LLC and its direct subsidiaries the Art Institute of Las Vegas LLC, the Art Institute of Indianapolis, LLC, and AiIN Restaurant LLC; Dream Center Argosy University of California LLC and its direct subsidiaries, and Argosy Education Group LLC; Dream Center Education Management LLC; and, South University of Michigan LLC. *See* Order Appointing Receiver (Doc. 8) at 3-4, *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 1:19-cv-145 (N.D. Ohio Jan. 18, 2019); *see also* Order Clarifying Order Appointing Receiver (Doc. 14) at 1, *Digital Media Solutions, LLC v. South University of Ohio, LLC et al.*, Case No. 1:19-cv-145 (N.D. Ohio Jan. 25, 2019) (removing AU Student Funding, LLC as a “Receivership Entity”).

("Ai University System"), Dream Center South University LLC ("South") and its subsidiaries ("South University System"), Dream Center Argosy University of California LLC ("Argosy") and its subsidiaries ("Argosy University System"), and Argosy Education Group LLC (AEG").

A memorandum in support is attached.

Dated: February 21, 2019

Respectfully submitted,

/s/ Robert T. Glickman

Robert T. Glickman (0059579)

Charles A. Nemer (009261)

Robert R. Kracht (0025574)

Hugh D. Berkson (0063997)

Nicholas R. Oleski (0095808)

MCCARTHY, LEBIT, CRYSTAL

& LIFFMAN Co., LPA

101 West Prospect Avenue

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nro@mccarthylebit.com

Special Counsel for the Receiver

CERTIFICATE OF SERVICE

The foregoing was electronically filed this 21st day of February, 2019. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

/s/ Robert T. Glickman

Robert T. Glickman (0059579)

Jones, Diane

From: Jones, Diane
Sent: Sunday, February 24, 2019 5:14 PM
To: Mangold, Donna; Frola, Michael; Finley, Steve; Minor, Robin
Subject: Re: Argosy - ATTORNEY CLIENT CONFIDENTIAL COMMUNICATION

Thanks - and I just heard back from accreditors that they will approve teach-outs even in the event of a precipitous closure.

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

From: Mangold, Donna
Sent: Sunday, February 24, 2019 5:11:06 PM
To: Jones, Diane; Frola, Michael; Finley, Steve; Minor, Robin
Subject: RE: Argosy - ATTORNEY CLIENT CONFIDENTIAL COMMUNICATION

See below.

From: Jones, Diane
Sent: Sunday, February 24, 2019 3:27 PM
To: Mangold, Donna; Frola, Michael; Finley, Steve; Minor, Robin
Subject: RE: Argosy

(b)(5)

(b)(5)

(b)(5)

Diane

From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Sunday, February 24, 2019 2:21 PM
To: Jones, Diane <Diane.Jones@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Finley, Steve <Steve.Finley@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>
Subject: Re: Argosy

I am away from my computer right now, but will send updated information about the denial letter when I get back later this afternoon

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Jones, Diane" <Diane.Jones@ed.gov>
Date: 2/24/19 1:40 PM (GMT-05:00)
To: "Mangold, Donna" <Donna.Mangold@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>, "Finley, Steve" <Steve.Finley@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>
Subject: Re: Argosy

(b)(5)

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

From: Mangold, Donna
Sent: Sunday, February 24, 2019 12:29:31 PM
To: Jones, Diane; Frola, Michael; Finley, Steve; Minor, Robin
Subject: RE: Argosy

(b)(5)

From: Jones, Diane

Sent: Sunday, February 24, 2019 12:28 PM

To: Mangold, Donna; Frola, Michael; Finley, Steve; Minor, Robin

Subject: Argosy

I'm told by the receiver that he has a purchase offer from a "well financed company that owns several universities now."

I've asked him if they want all of the campuses, or all of the Ais or just Argosy and haven't gotten an answer. He said that he needs to unwind some of the assets that went to Studio, but I don't know what that means. I'm not sure that he understands that we must approve change of ownership, so he can't do this without us.

Mangold, Donna

From: Mangold, Donna
Sent: Tuesday, February 26, 2019 3:02 PM
To: Crim, Susan; Hochhalter, Kathleen
Cc: Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Puffer, Rhonda; Finley, Steve
Subject: RE: Argosy -- Denial of CIO - ATTORNEY CLIENT CONFIDENTIAL COMMUNICATION
Attachments: Denial of CIO - OGC-AAASG-FSA final.docx

Diane,

For your review. Please let us know if any revisions or questions – or if we can finalize to be sent tonight. Mike will sign.

Mike/Tara/Robin – When you finalize, go ahead and address it to both Dottore and Randy Barton. Since the pres. of Argosy has been fired, that is the best that we are going to do. There are some cc's that need to be completed also when you finalize.

From: Mangold, Donna
Sent: Tuesday, February 26, 2019 12:24 PM
To: Crim, Susan; Hochhalter, Kathleen
Cc: Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Puffer, Rhonda; Finley, Steve
Subject: RE: Argosy -- Denial of CIO - ATTORNEY CLIENT CONFIDENTIAL COMMUNICATION

I need to get to Diane for her review by 2 p.m.

Susan/Kathy/Tara/Rhonda – (b)(5)

(b)(5)

From: Mangold, Donna
Sent: Monday, February 25, 2019 2:11 PM
To: Crim, Susan; Hochhalter, Kathleen
Cc: Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Puffer, Rhonda; Finley, Steve
Subject: RE: Argosy -- Denial of CIO - ATTORNEY CLIENT CONFIDENTIAL COMMUNICATION

(b)(5)

From: Mangold, Donna

Sent: Sunday, February 24, 2019 5:03 PM

To: Crim, Susan; Hochhalter, Kathleen

Cc: Jones, Diane; Minor, Robin; Bennett, Ron; Frola, Michael; Sikora, Tara; Puffer, Rhonda; Finley, Steve

Subject: Argosy -- Denial of CIO - ATTORNEY CLIENT CONFIDENTIAL COMMUNICATION

I have finished my edits in the draft denial, and have sent to Steve for his review, so that what is circulated next includes revisions from me and Steve. Hopefully, Steve can tackle his review tomorrow.

(b)(5)



Donna Mangold

202-453-6710

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

Jordan, April

From: Jordan, April
Sent: Wednesday, February 27, 2019 11:45 AM
To: Mangold, Donna; Crim, Susan; Sikora, Tara; Minor, Robin; Jones, Diane; Eitel, Robert; Bailey, Nathan; Manning, James
Cc: Frola, Michael; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; O'Brien, Marianna; Kane, John; Walker, Kathryn; Pena, Alexandra; Delekta, Amanda
Subject: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision
Attachments: Announcement_Argosy CIO denial decision v02 2019-02-27.docx
Importance: High

Hi, everyone. Thank you for your time today at 10:30.

Attached and pasted below for your convenience, please find the final language for the updated SA.gov/dreamcenter announcement. It incorporates this mornings' edits from OGC and AAASG, as well as relevant Q&As from the document circulated last week.

In order to meet our deadline to post at 4 p.m. today, we need all approvals—OGC (Donna), PC (Robin), OUS (Diane), OS (Bob or Nate), and FSA leadership (Jim)—**no later than 12:15 p.m.** Apologies for the short turnaround, and thank you for your continued engagement.

To expedite your review, I've noted where already-approved language is being repurposed. Ignore how the table looks below; it'll be formatted perfectly when it appears on SA.gov.

(b)(5)

Withheld pursuant to exemption

(b)(5)

of the Freedom of Information and Privacy Act

(b)(5)

(b)(5)

Best,
-asj

From: Mangold, Donna

Sent: Wednesday, February 27, 2019 10:24 AM

To: Crim, Susan; Jordan, April

Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen

Subject: RE: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on SA.gov re- CIO denial decision

A bit revised –

(b)(5)

From: Crim, Susan

Sent: Wednesday, February 27, 2019 8:59 AM

To: Jordan, April

Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen; Mangold, Donna

Subject: RE: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on SA.gov re- CIO denial decision

See the highlighted language below. Please, Donna especially, see what I changed here and if it is appropriate. I have been advised that this announcement is for students so it should be as clear as possible from “legalese.” Thanks.

From: Crim, Susan

Sent: Wednesday, February 27, 2019 7:00 AM

To: Jordan, April

Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen; Mangold, Donna

Subject: Re: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on SA.gov re- CIO denial decision

I am working on my phone, so I apologize if this is confusing.

(b)(5)

(b)(5)

Because 3/9 is a Saturday, AAASG suggested the response deadline be changed to 3/11.

(b)(5)

Sent from my iPhone

On Feb 26, 2019, at 8:57 PM, Jordan, April <April.Jordan@ed.gov> wrote:

PC,

Here's a draft of the updated announcement at StudentAid.gov/dreamcenter. It's attached and pasted below for your convenience. Please note the margin comments.

Please let me know who else needs to review/approve (e.g. Donna Mangold).

(b)(5)

(b)(5)

(b)(5)

I've alerted the [SA.gov](#) team that we will need to update the announcement page tomorrow and have asked what time they need final, approved language. I'll let you know ASAP.

Many thanks,
-asj

April Jordan
Director, Communication Services
Office: 202-377-4604
April.Jordan@ed.gov

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StudentAid.gov



<Announcement_Argosy CIO denial decision v01 2019-02-27.docx>

[ASJ1] REVIEWERS: To expedite your review, please note that this language appears on the existing SA.gov announcement.

[ASJ2] REVIEWERS: To expedite your review, please note that this language appears on the existing SA.gov announcement.

[ASJ3] REVIEWERS: To expedite your review, please note that this language appears on existing closed school fact sheets.

[ASJ4] REVIEWERS: To expedite your review, please note that this language appears on existing closed school fact sheets.

[ASJ5] REVIEWERS: To expedite your review, please note that this language appears on existing closed school fact sheets.

NOTE: We will link to the redacted letter and enclosures/attachments.

This is a glossary hyperlink that's standard on [SA.gov](#). Please do not remove.

PC: I need help with this wording.

(b)(5)

From: Jones, Diane
Sent: Wednesday, February 27, 2019 1:00 PM
To: Bailey, Nathan; Eitel, Robert; Manning, James
Cc: Jordan, April; Mangold, Donna; Crim, Susan; Sikora, Tara; Minor, Robin; Frola, Michael; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Kane, John; Walker, Kathryn; Pena, Alexandra; Delekta, Amanda
Subject: RE: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

One more thing— (b)(5)

(b)(5)

Diane

From: Jones, Diane
Sent: Wednesday, February 27, 2019 12:58 PM
To: Bailey, Nathan <Nathan.Bailey@ed.gov>; Eitel, Robert <Robert.Eitel@ed.gov>; Manning, James <James.Manning@ed.gov>
Cc: Jordan, April <April.Jordan@ed.gov>; Mangold, Donna <Donna.Mangold@ed.gov>; Crim, Susan <Susan.Crim@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Valentine, Ingrid <Ingrid.Valentine@ed.gov>; May, Todd <Todd.May@ed.gov>; Gomez, Robert <Robert.Gomez@ed.gov>; O'Brien, Marianna <Marianna.O'Brien@ed.gov>; Kane, John <John.Kane@ed.gov>; Walker, Kathryn <Kathryn.Walker@ed.gov>; Pena, Alexandra <Alexandra.Pena@ed.gov>; Delekta, Amanda <Amanda.Delekta@ed.gov>
Subject: RE: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

(b)(5)

Diane

From: Bailey, Nathan <Nathan.Bailey@ed.gov>
Sent: Wednesday, February 27, 2019 12:35 PM
To: Eitel, Robert <Robert.Eitel@ed.gov>; Manning, James <James.Manning@ed.gov>
Cc: Jordan, April <April.Jordan@ed.gov>; Mangold, Donna <Donna.Mangold@ed.gov>; Crim, Susan <Susan.Crim@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Jones, Diane <Diane.Jones@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Valentine, Ingrid <Ingrid.Valentine@ed.gov>; May, Todd <Todd.May@ed.gov>; Gomez, Robert <Robert.Gomez@ed.gov>; O'Brien, Marianna <Marianna.O'Brien@ed.gov>; Kane, John <John.Kane@ed.gov>; Walker, Kathryn <Kathryn.Walker@ed.gov>; Pena, Alexandra <Alexandra.Pena@ed.gov>; Delekta, Amanda <Amanda.Delekta@ed.gov>
Subject: Re: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

Likewise

From: Bob Eitel <Robert.Eitel@ed.gov>

Date: Wednesday, February 27, 2019 at 12:29 PM

To: Jim Manning <James.Manning@ed.gov>

Cc: "Jordan, April" <April.Jordan@ed.gov>, "Mangold, Donna" <Donna.Mangold@ed.gov>, "Crim, Susan" <Susan.Crim@ed.gov>, "Sikora, Tara" <Tara.Sikora@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>, Diane Jones <diane.jones@ed.gov>, Bailey Nathan <nathan.bailey@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>, "Bennett, Ron" <Ron.Bennett@ed.gov>, "Valentine, Ingrid" <Ingrid.Valentine@ed.gov>, "May, Todd" <Todd.May@ed.gov>, "Gomez, Robert" <Robert.Gomez@ed.gov>, "O'Brien, Marianna" <Marianna.OBrien@ed.gov>, "Kane, John" <John.Kane@ed.gov>, "Walker, Kathryn" <Kathryn.Walker@ed.gov>, Alexandra Pena <Alexandra.Pena@ed.gov>, "Delekta, Amanda" <Amanda.Delekta@ed.gov>

Subject: Re: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

I did a very quick review and have no changes.

Robert S. Eitel
Senior Counselor to the Secretary
U.S. Department of Education

On Feb 27, 2019, at 12:22 PM, Manning, James <James.Manning@ed.gov> wrote:

I am fine with this.

From: Jordan, April

Sent: Wednesday, February 27, 2019 11:45 AM

To: Mangold, Donna; Crim, Susan; Sikora, Tara; Minor, Robin; Jones, Diane; Eitel, Robert; Bailey, Nathan; Manning, James

Cc: Frola, Michael; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; O'Brien, Marianna; Kane, John; Walker, Kathryn; Pena, Alexandra; Delekta, Amanda

Subject: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

Importance: High

Hi, everyone. Thank you for your time today at 10:30.

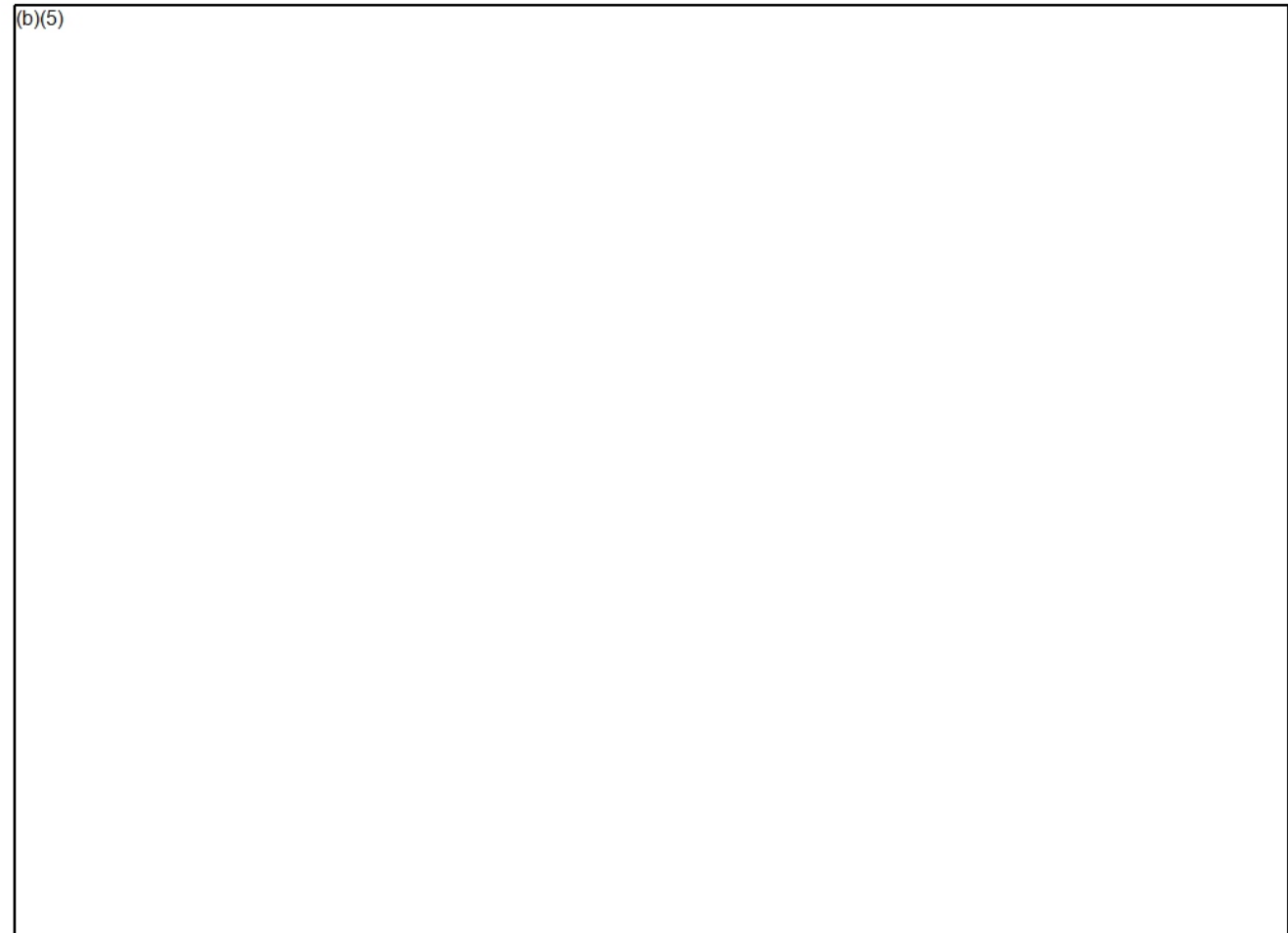
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(b)(5)

(b)(5)



(b)(5)



(b)(5)



(b)(5)

(b)(5)

(b)(5)

Best,
-asj

From: Mangold, Donna
Sent: Wednesday, February 27, 2019 10:24 AM
To: Crim, Susan; Jordan, April
Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen
Subject: RE: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on [SA.gov](#) re- CIO denial decision

A bit revised –

(b)(5)

(b)(5)

From: Crim, Susan

Sent: Wednesday, February 27, 2019 8:59 AM

To: Jordan, April

Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen; Mangold, Donna

Subject: RE: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on SA.gov re- CIO denial decision

See the highlighted language below. Please, Donna especially, see what I changed here and if it is

(b)(5)

(b)(5)

Thanks.

From: Crim, Susan

Sent: Wednesday, February 27, 2019 7:00 AM

To: Jordan, April

Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen; Mangold, Donna

Subject: Re: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on SA.gov re- CIO denial decision

(b)(5)

Sent from my iPhone

On Feb 26, 2019, at 8:57 PM, Jordan, April <April.Jordan@ed.gov> wrote:

PC,

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Please let me know who else needs to review/approve (e.g. Donna Mangold).

(b)(5)

(b)(5)

I've alerted the [SA.gov](#) team that we will need to update the announcement page tomorrow and have asked what time they need final, approved language. I'll let you know ASAP.

Many thanks,
-asj

April Jordan
Director, Communication Services
Office: 202-377-4604
April.Jordan@ed.gov

<image001.jpg>

StudentAid.gov

<image002.png> <image003.png> <image004.png>

<Announcement_Argosy CIO denial decision v01 2019-02-27.docx>

From: Jones, Diane
Sent: Wednesday, February 27, 2019 2:47 PM
To: Crim, Susan; Bailey, Nathan; Eitel, Robert; Manning, James
Cc: Jordan, April; Mangold, Donna; Sikora, Tara; Minor, Robin; Frola, Michael; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Kane, John; Walker, Kathryn; Pena, Alexandra; Delekta, Amanda
Subject: RE: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

Got it! That's a really helpful explanation.
Diane

From: Crim, Susan <Susan.Crim@ed.gov>
Sent: Wednesday, February 27, 2019 1:01 PM
To: Jones, Diane <Diane.Jones@ed.gov>; Bailey, Nathan <Nathan.Bailey@ed.gov>; Eitel, Robert <Robert.Eitel@ed.gov>; Manning, James <James.Manning@ed.gov>
Cc: Jordan, April <April.Jordan@ed.gov>; Mangold, Donna <Donna.Mangold@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Valentine, Ingrid <Ingrid.Valentine@ed.gov>; May, Todd <Todd.May@ed.gov>; Gomez, Robert <Robert.Gomez@ed.gov>; O'Brien, Marianna <Marianna.O'Brien@ed.gov>; Kane, John <John.Kane@ed.gov>; Walker, Kathryn <Kathryn.Walker@ed.gov>; Pena, Alexandra <Alexandra.Pena@ed.gov>; Delekta, Amanda <Amanda.Delekta@ed.gov>
Subject: RE: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

(b)(5)

Susan

From: Jones, Diane
Sent: Wednesday, February 27, 2019 12:58 PM
To: Bailey, Nathan; Eitel, Robert; Manning, James
Cc: Jordan, April; Mangold, Donna; Crim, Susan; Sikora, Tara; Minor, Robin; Frola, Michael; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Kane, John; Walker, Kathryn; Pena, Alexandra; Delekta, Amanda
Subject: RE: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

(b)(5)

Diane

From: Bailey, Nathan <Nathan.Bailey@ed.gov>
Sent: Wednesday, February 27, 2019 12:35 PM
To: Eitel, Robert <Robert.Eitel@ed.gov>; Manning, James <James.Manning@ed.gov>
Cc: Jordan, April <April.Jordan@ed.gov>; Mangold, Donna <Donna.Mangold@ed.gov>; Crim, Susan <Susan.Crim@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>; Jones, Diane <Diane.Jones@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Valentine, Ingrid <Ingrid.Valentine@ed.gov>; May, Todd <Todd.May@ed.gov>; Gomez, Robert <Robert.Gomez@ed.gov>; O'Brien, Marianna <Marianna.O'Brien@ed.gov>; Kane, John <John.Kane@ed.gov>; Walker, Kathryn <Kathryn.Walker@ed.gov>; Pena, Alexandra <Alexandra.Pena@ed.gov>; Delekta, Amanda <Amanda.Delekta@ed.gov>
Subject: Re: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

Likewise

From: Bob Eitel <Robert.Eitel@ed.gov>
Date: Wednesday, February 27, 2019 at 12:29 PM
To: Jim Manning <James.Manning@ed.gov>
Cc: "Jordan, April" <April.Jordan@ed.gov>, "Mangold, Donna" <Donna.Mangold@ed.gov>, "Crim, Susan" <Susan.Crim@ed.gov>, "Sikora, Tara" <Tara.Sikora@ed.gov>, "Minor, Robin" <Robin.Minor@ed.gov>, Diane Jones <diane.jones@ed.gov>, Bailey Nathan <nathan.bailey@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>, "Bennett, Ron" <Ron.Bennett@ed.gov>, "Valentine, Ingrid" <Ingrid.Valentine@ed.gov>, "May, Todd" <Todd.May@ed.gov>, "Gomez, Robert" <Robert.Gomez@ed.gov>, "O'Brien, Marianna" <Marianna.O'Brien@ed.gov>, "Kane, John" <John.Kane@ed.gov>, "Walker, Kathryn" <Kathryn.Walker@ed.gov>, Alexandra Pena <Alexandra.Pena@ed.gov>, "Delekta, Amanda" <Amanda.Delekta@ed.gov>
Subject: Re: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision

I did a very quick review and have no changes.

Robert S. Eitel
Senior Counselor to the Secretary
U.S. Department of Education

On Feb 27, 2019, at 12:22 PM, Manning, James <James.Manning@ed.gov> wrote:

I am fine with this.

From: Jordan, April
Sent: Wednesday, February 27, 2019 11:45 AM
To: Mangold, Donna; Crim, Susan; Sikora, Tara; Minor, Robin; Jones, Diane; Eitel, Robert; Bailey, Nathan; Manning, James
Cc: Frola, Michael; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; O'Brien, Marianna; Kane, John; Walker, Kathryn; Pena, Alexandra; Delekta, Amanda
Subject: APRIL NEEDS PC-OGC-OUS-OS-FSA LEADERSHIP FINAL REVIEW/APPROVAL BY NOON | Announcement on SA.gov re- CIO denial decision
Importance: High

Hi, everyone. Thank you for your time today at 10:30.

Attached and pasted below for your convenience, please find the final language for the updated SA.gov/dreamcenter announcement. It incorporates this morning's edits from OGC and AAASG, as well as relevant Q&As from the document circulated last week.

In order to meet our deadline to post at 4 p.m. today, we need all approvals—OGC (Donna), PC (Robin), OUS (Diane), OS (Bob or Nate), and FSA leadership (Jim)—**no later than 12:15 p.m.** Apologies for the short turnaround, and thank you for your continued engagement.

To expedite your review, I've noted where already-approved language is being repurposed. Ignore how the table looks below; it'll be formatted perfectly when it appears on [SA.gov](#).

(b)(5)

(b)(5)

(b)(5)

(b)(5)

(b)(5)

Best,
-asj

From: Mangold, Donna
Sent: Wednesday, February 27, 2019 10:24 AM
To: Crim, Susan; Jordan, April
Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen
Subject: RE: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on [SA.gov](#) re- CIO denial decision

A bit revised –

(b)(5)

(b)(5)

From: Crim, Susan

Sent: Wednesday, February 27, 2019 8:59 AM

To: Jordan, April

Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen; Mangold, Donna

Subject: RE: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on [SA.gov](#) re- CIO denial decision

See the highlighted language below. Please, Donna especially, see what I changed here and if it is

(b)(5)

(b)(5) Thanks.

From: Crim, Susan

Sent: Wednesday, February 27, 2019 7:00 AM

To: Jordan, April

Cc: Sikora, Tara; Frola, Michael; Minor, Robin; Bennett, Ron; Valentine, Ingrid; May, Todd; Gomez, Robert; O'Brien, Marianna; Hochhalter, Kathleen; Mangold, Donna

Subject: Re: FOR YOUR REVIEW/EDIT/APPROVAL | Announcement on [SA.gov](#) re- CIO denial decision

I am working on my phone, so I apologize if this is confusing.

(b)(5)

(b)(5)

(b)(5)

(b)(5)

Sent from my iPhone

On Feb 26, 2019, at 8:57 PM, Jordan, April <April.Jordan@ed.gov> wrote:

PC,

Here's a draft of the updated announcement at StudentAid.gov/dreamcenter. It's attached and pasted below for your convenience. Please note the margin comments.

Please let me know who else needs to review/approve (e.g. Donna Mangold).

(b)(5)

(b)(5)

(b)(5)

I've alerted the [SA.gov](#) team that we will need to update the announcement page tomorrow and have asked what time they need final, approved language. I'll let you know ASAP.

Many thanks,
-asj

April Jordan
Director, Communication Services
Office: 202-377-4604
April.Jordan@ed.gov

<image001.jpg>

[StudentAid.gov](#)

<image002.png> <image003.png> <image004.png>

<Announcement_Argosy CIO denial decision v01 2019-02-27.docx>

Frola, Michael

From: Frola, Michael
Sent: Wednesday, February 27, 2019 3:14 PM
To: Miller, Christopher; Adams, Sarah; Dossa, Shein; Couch, Matthew; Fosker, Erik; Fernandez-Rosario, Martina; Harvey, Margery; Talbot, Betsy (OHE; hpeap@dcca.hawaii.gov; saml@wsac.wa.gov; lgoodwin@che.sc.gov; blummew@dcca.hawaii.gov; samuel.ferguson@fldoe.org; rhesa.rudolph@fldoe.org; susan.hood@fldoe.org; teri.stanfill@azpse.gov; Michael.Marion@dca.ca.gov; scott.valverde@dca.ca.gov; Commissioner@fldoe.org; lauras@gnpec.org; Maeyaert, Cathie (Cathie.Maeyaert@THECB.state.tx.us); rinn.harper@thecb.state.tx.us; sylviarosacasanova@schev.edu; tivilis@wsac.wa.gov; msteinagel@utah.gov; Dworakowski, Patrick A., VBAVACO; info@ibhe.org; william.colemon@va.gov; jstudley@wscuc.org; Lohman@ibhe.org; vcoraci@hlcommission.org; bbrittingham@neche.org; Bounds, Herman; Daggett, Elizabeth; Kirk Shook; Tomerlin, Garry; Hahn, Melissa; Peebles, Rex; Mac Powell; Laura S Vieth, EdD; Sutherland, Christopher A., VBAVACO; Anthea Sweeney
Cc: Sikora, Tara; Bennett, Ron
Subject: FW: Argosy University - Denial of Change in Ownershp
Attachments: Argosy Denial Letter 2.27.19.pdf; Argosy Denial of CIO Exhibits 1 2.pdf

Please see attached denial of change in ownership letter with exhibits sent to Argosy's receiver and Dream Center's chairman at 3:02 pm EDT today.

Thanks,
Mike

Michael Frola
Director
Multi-Regional and Foreign School Participation Division
Office: (202) 377-3364
michael.frola@ed.gov
StudentAid.gov



From: Frola, Michael
Sent: Wednesday, February 27, 2019 3:02 PM
To: 'Mark Dottore'; Randall Barton
Cc: Sikora, Tara; Frola, Michael
Subject: Argosy University - Denial of Change in Ownershp

Dear Mr. Dottore and Mr. Barton,

Please see attached letter denying Argosy University's application for a change in ownership.

Sincerely,

Michael Frola

Director

Multi-Regional and Foreign School Participation Division

Office: (202) 377-3364

michael.frola@ed.gov

StudentAid.gov

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February 27, 2019

Mark Dottore
Dottore Companies
2344 Canal Road
Cleveland, OH 44113

Sent Overnight Via UPS
#1Z A87 964 02 9010 7619

Randall K. Barton
Chairman of the Board
Dream Center Education Holdings

Re: Denial of Change of Ownership
Argosy University
OPE ID: 02179900

Dear Mr. Dottore and Mr. Barton:

The Multi Regional and Foreign School Participation Division (“MRFSPD”) of the U.S. Department of Education (“Department”) has reviewed Argosy University’s (“Argosy” or “the Institution”) application for approval of a change in ownership or structure resulting in a change of control (“CIO”). Prior to the CIO, Argosy was owned by Education Management Corporation (“EDMC”). The CIO was accomplished pursuant to the terms of the Amended and Restated Purchase Agreement dated February 24, 2017 (“ARPA”) between EDMC and its affiliates (“Sellers”), and the Dream Center Foundation (“DCF”), a California nonprofit corporation, and its affiliates, including Dream Center Education Holdings, LLC (“DCEH”). The CIO, which was accomplished in two closings (in October 2017 and January 2018) also included other EDMC-affiliated institutions – certain of the Art Institutes and South University.¹ The parties to

¹The following institutions were included in the CIO:

Argosy University (02179900)
South University (01303900)
Miami International University of Art & Design (00887800)
The Art Institute of Houston (02117100)
The Art Institute of Atlanta (00927000)
The Art Institute of Seattle (02291300)
The Art Institute of Portland (00781900)
The Art Institute of Fort Lauderdale (01019500)
The Art Institute of Phoenix (04051300)
The Art Institute of Colorado (02078900)
The Illinois Institute of Art (01258400)
The Art Institute of Pittsburgh (00747000)
The Art Institute of Philadelphia (00835000)

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Federal Student Aid, School Participation Division – Multi-Regional and Foreign Schools
830 First Street UCP, NE Washington, DC 20202
StudentAid.gov

the ARPA also requested the Department's approval of the institutions' conversion to nonprofit status as a result of its new ownership under DCF. This letter only addresses the Department's determination in regard to Argosy.

The Department has determined that the application for the CIO and the request to convert to nonprofit status cannot be approved because the Institution does not meet certain required standards, as explained below. Accordingly, Argosy's participation in the student financial assistance programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* ("Title IV, HEA programs") is ended as of the date of this letter in accordance with 34 C.F.R. § 600.20(h)(2)(ii).

To establish eligibility and to continue participation in the Title IV, HEA programs, an institution must demonstrate to the Department that, after the change in ownership and control, the institution qualifies to be certified to participate under 34 C.F.R. Part 668, Subpart B. 34 C.F.R. § 600.31(a)(3)(ii). Pursuant to 34 C.F.R. § 668.13(a), for the Department to certify Argosy to participate in the Title IV, HEA programs, it must qualify as an eligible institution under 34 C.F.R. Part 600, meet the standards of financial responsibility set forth at 34 C.F.R. § 668.15 and 34 C.F.R. Part 668, Subpart L, and meet the standards of administrative capability set forth at 34 C.F.R. § 668.16. Further, to participate in any Title IV, HEA program, the institution must meet the fiduciary standard of conduct set forth at 34 C.F.R. § 668.82(a) and (b)(1). Based on its current financial situation, and in particular, its failure to pay Title IV, HEA credit balances owed to its students and parents, Argosy does not meet any of these standards.

I. ARGOSY DOES NOT MEET THE FIDUCIARY STANDARD OF CONDUCT

Following the CIO, DCEH officials entered into a temporary provisional program participation agreement ("TPPPA") with the Department on October 17, 2017, allowing Argosy to continue to participate in the Title IV, HEA programs subsequent to its purchase by DCEH. A material term of the TPPPA was Argosy's agreement to comply with all Title IV, HEA program requirements, which include the requirement to hold all funds it receives under the Title IV, HEA programs in trust² for the intended student beneficiaries and the Department. 20 U.S.C. § 1094(a)(1); 34 C.F.R. §§ 668.14, 668.161(b). As a trustee of those funds, Argosy is prohibited from using or hypothecating the funds for any other purpose. Argosy is subject to the highest standard of care and diligence in administering the Title IV, HEA programs and in accounting to the Secretary for the funds received. 34 C.F.R. § 668.82(a), (b) (fiduciary standard). The Department has determined that Argosy's failure to properly administer the Title IV, HEA program funds entrusted to it constitutes a grievous breach of its fiduciary duty to the Department.

The Department first placed Argosy on the heightened cash monitoring payment method set forth in 34 C.F.R. § 668.162(d)(1) ("HCM1") on March 1, 2007. Argosy continued on HCM1 until it was placed on the payment method set forth in 34 C.F.R. § 668.162(d)(2) ("HCM2") on January 25, 2019. The Department places an institution on heightened cash management (either

² The only exception is for funds provided by the Department for administrative expenses and funds used for the Job Location and Development Program under 34 C.F.R. Part 675, Subpart B.

HCM1 or HCM2) when the institution's financial circumstances necessitate a higher level of scrutiny.³

Under both HCM1 and HCM2, an institution must credit a student's ledger account for the amount of Title IV, HEA program funds that the student or parent is eligible to receive, and pay the amount of any credit balance due under 34 C.F.R. § 668.164(h), before the institution submits a request for funds to the Department. *See* 34 C.F.R. § 668.162(d)(1) and (2). A Title IV, HEA credit balance occurs whenever the amount of program funds credited to a student's ledger account for a payment period exceeds the amount assessed the student for allowable charges associated with that payment period. 34 C.F.R. § 668.164(h)(1). The credit balance must be paid directly to the student or parent as soon as possible, but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164(h)(2). The regulatory requirement that all institutions on heightened cash monitoring pay credit balances to students and parents prior to obtaining funds from the Department was specifically designed to ensure that student beneficiaries are protected when institutions experience financial difficulties.

In late December 2018, as DCEH was threatening receivership, the Department placed the DCEH schools on "route pay." This protection was put in place so that funds would not be automatically released to DCEH, but would have to be manually released by the Department. On January 18, 2019, the federal court in the Northern District of Ohio appointed Mr. Dottore as the receiver ("Receiver") over DCEH and its subsidiaries, thereby subjecting Argosy to the receivership. The complaint in that action, the motion seeking an appointment of a receiver, and the receivership order all describe dire financial circumstances confronting DCEH and its subsidiaries. When an institution is subject to a receivership order, the Department promptly places that institution on HCM2. Here, the Department provided advance notice to DCEH that its schools would be placed on HCM2 in the event of a receivership. On January 25, 2019, following the appointment of the Receiver on January 18th, the Department transferred Argosy to HCM2.

In late January 2019, the Department began to hear numerous complaints from students and parents that Argosy had failed to pay credit balances owed to its students. As an institution on heightened cash monitoring (on HCM1 and later, on HCM2), Argosy was required to first pay student Title IV, HEA credit balances⁴ before submitting a request for payment to the Department. 34 C.F.R. § 668.162(d). Not only did Argosy fail to pay credit balances prior to submitting its requests for payment from the Department, even after Argosy received the funds, it still failed to pay those credit balances.

On February 6, 2019, the Department requested the Receiver to provide a list of all of unpaid credit balance stipends that Argosy owed to students. On February 7, 2019, the Department received a summary table and a zip file of unpaid student stipends. The student level detail in the zip file showed that Argosy had not paid stipends totaling \$16,299,840, including stipends

³ The Department has sole discretion to determine the method under which it provides Title IV, HEA program funds to an institution. The Department may provide these funds under the advance payment method, reimbursement payment method, or heightened cash monitoring payment method. 34 C.F.R. § 668.162(a).

⁴ Argosy refers to these credit balances as "stipends."

for students at Western State College of Law. The summary chart indicated that \$10,400,059 of those stipends had been unpaid for at least 14 days (the summary chart does not include the law school). See e-mail from D. Linscott (Dottore Companies) with summary chart, attached hereto as Exhibit 1 (because the zip file has student level detail, it is not included in Exhibit 1). Also on February 7, 2019, the Receiver sent a letter to the Department regarding the disposition of the Title IV, HEA funds that the Department paid to Argosy between January 1, 2019 and February 5, 2019. The Cash Flow statement enclosed with the letter showed that although Argosy received \$12,955,761 in Title IV, HEA program funds during that time period, Argosy paid \$4,289,010 to its staff, paid \$2,178,879 to vendors, paid \$1,768,875 to DCEH for payroll expenses, and maintained \$3,811,883 in the receivership account, instead of ensuring that all Title IV, HEA credit balances were paid to its students and parents. See Mark Dottore letter to Diane Auer Jones, dated February 7, 2019, attached hereto as Exhibit 2.

The Department released approximately \$9.2 million to Argosy on January 15, 2019, just days before the Receiver was appointed on January 18, 2019. Another \$2.8 million was released on January 29, 2019, following the appointment of the Receiver. Although the receivership estate may have been cash-strapped at the time of the Receiver's appointment, student credit balances were required to be paid under HCM1 and HCM2 regulations before DCEH (and now the Receiver) obtained reimbursement from the Department. Significant funds were released by the Department since mid-January, including after the Receiver was appointed, which should have been used to pay the existing unpaid credit balances owed to students. The Receiver also knew or should have known of the requirements to release the students' credit balance stipends to them, and assured the Department that the credit balance problem would be resolved.⁵

As set forth in the motion requesting the appointment of a receiver (Doc. 3 in the N.D. Ohio case), this is not a situation where the appointed receiver is new to the financial circumstances and obligations of the receivership estate upon his or her appointment. The Receiver had been serving as a consultant to DCEH and the receivership schools (including Argosy) since October 9, 2018 in various areas, including in regard to the receivership schools' financial conditions and strategies, and also to work with governmental and regulatory agencies. Nevertheless, it appears that no plan was in place to ensure that student credit balances were being paid in accordance with the regulations.

Argosy's actions in failing to pay Title IV, HEA credit balances is a severe breach of the required fiduciary standard of conduct to disburse the student's Title IV, HEA program funds to them, and demonstrates a blatant disregard of the needs of its students.⁶

⁵ On February 19, 2019, the Receiver submitted a report to the court in the receivership action (Doc. 55) arguing that the credit balance funds were "not missing" and that the receivership estate never had the funds to pay student credit balance stipends, and therefore the credit balances did not need to be paid, asserting that the payment of the credit balances was "stalled over a 'chicken and egg' debate." Doc. 55 at 2. On February 22, 2019 the Receiver submitted an updated report (Doc. 68), acknowledging that there may have been "irregularities in the method and manner" in the draw downs of student stipends. Despite the fact that significant funds were drawn down days before the January 18th receivership order, that some funds were drawn down after the order, and the fact that the Receiver had been acting as a consultant for DCEH and the receivership schools since October 2018, the Receiver places all blame for the failure to properly pay the credit balances on the "pre-receivership Dream Center Entities." Doc. 68 at 2.

⁶ Argosy only earns the Title IV, HEA program funds as they are credited to the student accounts to pay for tuition and fees. These credit balance "stipends" are funds the students have borrowed to cover their living expenses and

II. ARGOSY DOES NOT MEET THE STANDARDS OF FINANCIAL RESPONSIBILITY

To begin and to continue to participate in the Title IV, HEA programs, an institution must demonstrate to the Secretary that it is financially responsible under the standards established by the Department. *See* 34 C.F.R. § 668.15, 34 C.F.R. Part 668, Subpart L. As provided under 20 U.S.C. § 1099c(c)(1), the Department determines whether an institution is financially responsible based on the institution's ability to: provide the services described in its official publications and statements; meet all of its financial obligations; and provide the administrative resources necessary to comply with Title IV, HEA program requirements. 34 C.F.R. §§ 668.15(b), 668.171(a), 668.171(b)(3).

As noted above, the pleadings in the receivership case describe the serious financial difficulties facing all of the receivership schools, including Argosy. Indeed, in the January 18th receivership order, the court specifically found that DCEH and its subsidiaries were indebted to secured, trade, and unsecured creditors for sums in excess of \$100,000,000 (Order at ¶3).

In addition, the Department has learned that Argosy has ceased to provide instruction at its additional location in Phoenix, Arizona (02179907) because it was locked out of the premises, and is holding classes at Ottawa University, a location for which it is not authorized. Students have reported that they do not have access to computer labs or to all of the equipment or books needed for their classes. Argosy's failure to maintain and operate its Phoenix school at an approved location is further evidence of the institution's lack of financial responsibility and is inconsistent with the institution's fiduciary duty to the Department.

Further, on February 7, 2019, the Receiver terminated the employment of Argosy's chancellor, and nearly 100 Argosy faculty, academic support personnel and financial aid counselors. Those employees were terminated despite the Receiver's repeated assurances to the Department that it would not do so. Additionally, the Department has been advised that this process was so disruptive that professors were called out of classrooms while they were teaching and their employment terminated. These actions have resulted in substantial and irreparable damage to the academic integrity of Argosy, and accordingly violate the requirements of financial responsibility set forth in 34 C.F.R. § 668.15(b) and 668.171(a), because Argosy can no longer provide the services, including academic programs, described in its official publications and statements. Moreover, students who are close to graduation are at risk for not being able to be licensed to practice in psychology if Argosy's programs no longer meet programmatic accreditation requirements due to the faculty terminations.

are not Argosy's funds to spend. Argosy's students are in many cases dependent upon the receipt of these credit balance funds to, among other things, make rent or mortgage payments, pay for childcare, and buy groceries – all of which are acceptable living expenses that are part of the cost of attendance upon which the Title IV, HEA program aid was awarded.

III. ARGOSY HAS FAILED TO MEET THE STANDARDS OF ADMINISTRATIVE CAPABILITY

To begin and to continue to participate in any Title IV, HEA program, an institution must demonstrate to the Department that the institution is capable of adequately administering the program under each of the standards established in 34 C.F.R. § 668.16. The Department considers an institution to have that administrative capability if the institution administers the Title IV, HEA program in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements and agreements entered into under the authority of statutes applicable to Title IV of the HEA. 34 C.F.R. § 668.16(a).

In addition, the institution must designate a capable individual to be responsible for administering all the Title IV, HEA programs in which it participates; use an adequate number of qualified persons to administer the Title IV, HEA programs in which the institution participates; administer the Title IV, HEA programs with adequate checks and balances in its system of internal controls; establish and maintain records required under 34 C.F.R. Part 668, Subpart B and the individual Title IV, HEA program regulations; and provide adequate financial aid counseling to eligible students who apply for Title IV, HEA program assistance. 34 C.F.R. §§ 668.16(b)(1), (b)(2), (c)(1),(d)(1),(h).

Since learning of the credit balance problem, the Department has requested rosters and other information regarding the credit balances. The information that has been submitted on behalf of Argosy has been incomplete and/or inconsistent with other information provided on behalf of Argosy or with the Department's records, which raises serious questions about the Institution's administrative capability.

In addition, for all of the reasons described in Sections I and II above, Argosy has also failed to meet the standards of administrative capability.

IV. CONCLUSION

As detailed in this letter, the violations involved here are serious, and the potential harm to students and taxpayers is severe. Therefore, Argosy's application for approval of its change of ownership and conversion to nonprofit status is hereby denied.

Should Argosy have evidence to dispute the Department's findings, and demonstrate their inaccuracy, Argosy may submit that evidence via overnight mail to me at:

U.S. Department of Education
Federal Student Aid/PC
830 First Street NE
Union Center Plaza, 7th Floor
Washington, DC 20202-5340

If any such information is received by March 11, 2019, it will be reviewed and Argosy will be notified if the denial is modified or rescinded. Unless the Department modifies or rescinds the

denial, Argosy's eligibility to participate in the Title IV, HEA programs is ended effective the date of this letter, February 27, 2019.

In the event that Argosy submits an application to participate in the Title IV, HEA programs in the future, that application must address the deficiencies noted in this letter.

Please contact Tara Sikora at (215) 656-6488, or Tara.Sikora@ed.gov if you have any questions regarding the content of this notice.

Sincerely,

(b)(6)

Michael J. Frola
Director
Multi-Regional and Foreign Schools Participation
Division

cc: WASC Senior College and University Commission
Arizona State Board for Private Postsecondary Education
California Bureau for Private Postsecondary Education
Colorado Division of Private Occupational Schools, Department of Higher Education
Florida Commission for Independent Education
Georgia Non-Public Postsecondary Education Commission
Hawaii Department of Commerce & Consumer Affairs
Illinois Board of Higher Education
Minnesota Office of Higher Education
Tennessee Higher Education Commission
Texas Higher Education Coordinating Board
Utah Department of Commerce
State Council of Higher Education for Virginia
Washington Student Achievement Council
Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil
Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov
Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov

EXHIBIT 1

Sikora, Tara

From: Dave Linscott <dave@dottoreco.com>
Sent: Thursday, February 07, 2019 3:05 PM
To: Frola, Michael
Cc: Sikora, Tara; Puffer, Rhonda; Mark Dottore; 'Mary K Whitmer'
Subject: Student stipend data
Attachments: 2.7.19_RecieverRequest.zip

Attached is the student stipend data you requested. One for AU campuses and one for WSU campus.
Thanks
Dave

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Bird, Christopher" <clbird@argosy.edu>
Date: 2/7/19 2:57 PM (GMT-05:00)
To: Dave Linscott <dave@dottoreco.com>
Cc: "Caruso, James" <jcaruso@dcedh.org>
Subject: RE: Argosy/DCEH cash flow for 2019

Dave

Attached is the requested information for Argosy. There are two files embedded in this zip file. One for AU Campuses and one for WSU. Password will come in a separate email. When you forward this off make sure you also send the password separately. Thanks

Chris

From: Dave Linscott [mailto:dave@dottoreco.com]
Sent: Thursday, February 07, 2019 2:36 PM
To: Bird, Christopher
Subject: Re: Argosy/DCEH cash flow for 2019

Will i be able to forward file? I assume it complies with all the confidentiality rules and procedures etc that doe requires?

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Bird, Christopher" <clbird@argosy.edu>

Date: 2/7/19 2:28 PM (GMT-05:00)

To: Dave Linscott <dave@dottoreco.com>

Subject: RE: Argosy/DCEH cash flow for 2019

We just received the Argosy Campus file from Alison's group. I will send it over in the next 20 minutes as I have to convert it into winzip. We do not have anything from WSU at your this point. I will reach out and get an ETA

From: Dave Linscott [mailto:dave@dottoreco.com]
Sent: Thursday, February 07, 2019 2:27 PM
To: Bird, Christopher
Subject: Re: Argosy/DCEH cash flow for 2019

When can i promise this data to DOE?

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Bird, Christopher" <clbird@argosy.edu>

Date: 2/7/19 9:31 AM (GMT-05:00)

To: Dave Linscott <dave@dottoreco.com>, "Caruso, James" <jcaruso@dcedh.org>

Subject: RE: Argosy/DCEH cash flow for 2019

Hey Dave

I will work with Shelley and Alison to get this information for Argosy Campuses and the Ai Schools. We will need to wait for WSU as they are Pacific time and this process is handled by a different team.

Chris

From: Dave Linscott [mailto:dave@dottoreco.com]
Sent: Thursday, February 07, 2019 7:12 AM
To: Caruso, James; Bird, Christopher
Subject: Fwd: Argosy/DCEH cash flow for 2019

Are we able to send this stipend report easily?

Thanks

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Frola, Michael" <Michael.Frola@ed.gov>

Date: 2/6/19 4:20 PM (GMT-05:00)

To: Dave Linscott <dave@dottoreco.com>, Mark Dottore <mark@dottoreco.com>, 'Mary K Whitmer' <mkw@weadvocate.net>

Cc: "Sikora, Tara" <Tara.@ed.gov>, "Puffer, Rhonda" <Rhonda.@ed.gov>, "Frola, Michael" <Michael.Frola@ed.gov>

Subject: RE: Argosy/DCEH cash flow for 2019

Dave,

With the Cash Flow report please include a list of all students that have not been paid their stipends to date. Please include the students name, location, address, phone number, email address, program of study, and amount of unpaid stipend.

Please follow the procedures below when submitting Personally Identifiable information:

Passwords must be sent separately, with the same school identifiers in the subject line.

Protect Personal Identifiable Information and Encryption Instructions

Reports containing any Personal Identifiable Information (PII), as defined below, must be protected before transmitting the document electronically. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, birth date, and place of birth). PII submitted electronically or on media must be submitted in a WinZip file (.zip file extension) encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department of Education (the Department) uses WinZip. However, files created with other encryption software are acceptable provided that they are compatible with WinZip and are encrypted with AES encryption. Also, the Department must receive an access password to view the encrypted information. The password must be emailed separately from the encrypted data. Select a complex password at least 12 characters in length and which uses three of the following characters: upper case letter, lower case letter, number, special character.

Thanks,
Mike

From: Frola, Michael
Sent: Wednesday, February 06, 2019 3:28 PM
To: Dave Linscott; Mark Dottore; Mary K Whitmer
Cc: Sikora, Tara; Puffer, Rhonda (Rhonda.Puffer@ed.gov)
Subject: RE: Argosy/DCEH cash flow for 2019

Hi Dave,

Thanks for the notice. I've copied in Tara Sikora and our accountant Rhonda Puffer.

Please include them on the notice.

Thanks,

Mike

From: Dave Linscott [mailto:dave@dottoreco.com]
Sent: Wednesday, February 06, 2019 2:54 PM
To: Frola, Michael; Mark Dottore; Mary K Whitmer
Subject: Argosy/DCEH cash flow for 2019

Michael

We will be sending a summary cash flow report to you shortly.

We can discuss once you have a chance to review.

Thanks

David Linscott, CPA , CIRA

Dottore Companies

Sent from my Verizon, Samsung Galaxy smartphone

| ARGOSY | < 10 Days | 10-13 Days | 14+ Days | Escalations | Total |
|---------------------------------------|---------------------|---------------------|----------------------|------------------|----------------------|
| Argosy University - Atlanta | 79,962.70 | 56,063.25 | 1,563,191.90 | - | 1,699,217.85 |
| Argosy University - Chicago | 146,857.60 | 22,718.30 | 1,119,229.63 | - | 1,288,805.53 |
| Argosy University - Dallas | 13,046.00 | 8,640.00 | 18,425.00 | - | 40,111.00 |
| Argosy University - Denver | - | - | 286.00 | - | 286.00 |
| Argosy University - Guam | - | - | 2,148.50 | - | 2,148.50 |
| Argosy University - Hawaii | 67,549.00 | 54,063.60 | 641,911.29 | - | 763,523.89 |
| Argosy University - Los Angeles | 16,528.00 | 9,556.00 | 173,173.81 | 130.00 | 199,387.81 |
| Argosy University - Northern Virginia | 9,793.90 | 32,259.60 | 1,001,411.14 | - | 1,043,464.64 |
| Argosy University - Online | 571,982.00 | 1,674,355.84 | 1,414,479.71 | 16,799.00 | 3,677,616.55 |
| Argosy University - Orange County | 138,279.88 | 16,106.04 | 866,838.60 | 7,106.00 | 1,028,330.52 |
| Argosy University - Phoenix | 82,697.25 | 44,900.50 | 910,564.70 | 18,291.00 | 1,056,453.45 |
| Argosy University - Salt Lake City | - | - | 28,362.00 | - | 28,362.00 |
| Argosy University - San Francisco | 3,036.00 | 2,324.00 | 174,417.40 | 16,926.50 | 196,703.90 |
| Argosy University - Sarasota | - | - | 4,595.50 | - | 4,595.50 |
| Argosy University - Seattle | - | 505.00 | 6,762.00 | - | 7,267.00 |
| Argosy University - Tampa | 152,464.50 | 41,053.70 | 1,378,090.12 | - | 1,571,608.32 |
| Argosy University - Twin Cities | 52,576.20 | 46,524.60 | 1,032,629.91 | 689.00 | 1,132,419.71 |
| TOTAL | 1,334,773.03 | 2,009,070.43 | 10,336,517.21 | 59,941.50 | 13,740,302.17 |

| AI GROUP 2 - ARGOSY | < 10 Days | 10-13 Days | 14+ Days | Escalations | Total |
|---|------------------|------------------|------------------|-------------|-------------------|
| The Art Institute of California - Hollywood | 13,551.24 | 13,914.00 | 50,610.77 | - | 78,076.01 |
| The Art Institute of California - San Diego | 7,780.00 | 3,242.00 | 12,931.00 | - | 23,953.00 |
| TOTAL | 21,331.24 | 17,156.00 | 63,541.77 | - | 102,029.01 |

EXHIBIT 2

February 7, 2019

Diane Auer Jones
Principal Deputy Undersecretary
United States Department of Education
400 Maryland Ave. SW
Washington, D.C. 20202

Re: Source and Application of Funds, January 2019

Non-Receivership Entities

- AI Atlanta**
- AI Portland**
- AI Colorado**
- AI Houston**
- AI Fort Lauderdale**
- AI Miami**
- AI Chicago**
- South Savannah**

Receivership Entities

- AI Seattle**
- AI Pittsburgh**
- Argosy Orange County**
- AI Phoenix/Las Vegas**

Dear Ms. Jones,

This letter, and its accompanying exhibits, is intended to account for \$50,933,320 of funds advanced from January 1 to February 4, 2019, to the Argosy, South and Art Institutes universities (the "Universities") listed above, both pre- and post-receivership. Through February 4, 2019, \$2,853,809 (\$2,824,880 + \$28,929) was advanced to the Receivership ("Post-Receivership Receipts"). An additional \$48,079,511 was advanced to the Universities prior to the appointment of the Receiver, and to the Non-Receivership entities between January 1 and February 4, 2019 ("Non-Receivership Receipts"). Please see the attached spreadsheet entitled "Receipts Summary" to see the recipients of the cash and the date the cash was received.

When the Receiver seized the cash accounts, there was \$5,478,585 in cash in all Receivership Entities' accounts. This cash was used by the Receiver to pay the

February 1, 2019, payroll of \$5,178,482. The figures are provided in the second spreadsheet entitled "AU & DCEH Cash Flow." The payment of the February 1, 2019, payroll leaves the Receivership Entities with only \$3,811,883 to manage all of their support and administrative services.

The Receivership's dire cash situation was born out of an early January series of agreements that were entered into by the Non- Receivership Entities that transitioned those entities into separate 501(c)(3) entities with independent boards of directors (the "Spin-Off"). The problem with the Spin-Off is that the Universities were really not separate entities for purposes of their non-academic operational management. The solution, they thought, was for all of the Universities to use a managed services company named Studio Enterprise Manager, LLC, ("Studio"). But Studio was not equipped to provide any services to the Universities, so Studio had agreements with DCEH to continue to provide all of the operational services to the Universities.

Given that DCEH was ultimately responsible to provide operational services to the Universities, the agreements anticipated a flow of service fees from the Department of Education to the Universities, then to Studio, then to DCEH. The funds were reduced by the fees that Studio was allowed to charge under these agreements. As DCEH is providing all of the operational services to the Universities, it is hard to understand why Studio is receiving substantial fees under its Managed Services Agreements. It is also our understanding that the Universities made their payments in advance, and Studio was required to send the money on to DCEH in arrears. At this point, it appears that over \$6 million is due to DCEH from Studio for services to support the Universities; this money may never be paid short of legal action.

We further understand "investors" were supposed to inject \$10,000,000 to make sure DCEH paid for the Universities' operations. Unfortunately, there was no cash investment into DCEH by anyone. If any investor cash was contributed, it was consumed by administrative expenses, legal fees and/or Studio management fees. We are still pursuing this line of inquiry to determine from whom this cash was expected, if it was paid, and if paid, to what use it was put.

We also believe that there was scattered matching of revenues and expenses among the Universities. For example, prior to the receivership, DCEH was saddled with a \$9 million payroll to pay employees in all of the Universities. Days later when draws on Title IV were made, it appears there was no allocation among the universities for these payroll expenses creating windfalls for the Non- Receivership Entities. Again, we are pursuing this matter with South and Art Institutes systems.

The purpose behind the reorganization in January was a laudable attempt to save the Non- Receivership Entities benefiting both students and taxpayers. However, it

is not working because the Universities in good faith have paid Studio, but Studio has decided to hold on to all monies for their own fees. If the problem cannot be resolved, DCEH will have to work with the Non-Receiverhip Entities so that they can support their own operations.

While the Receiver is concerned about all of the students, he has a direct fiduciary responsibility to the Argosy students. In order to meet that responsibility, the Receiver is implementing a plan to support the needed managed services at a greatly reduced cost. We intend to have that plan in place by March 1st with the approval of the independent board of Argosy.

The Receiver understands that, regardless of the situation among the Universities and Studio, the most critical need is to pay the \$13 million of Argosy student stipends. As the spreadsheets show, the Receiver's cash balance is only \$3,811,883. This is clearly not adequate to pay \$13 million of stipends due to the Argosy students and the situation must be urgently addressed.

In order to pay the student stipends, complete the semester, transition the Receivership Entities, address the Teach Out requirements, and meet the other regulatory requirements of the Department of Education and the Department of Justice, we plan to take the following action steps:

- On behalf of Argosy, the Receiver will request a \$13 million drawdown of the \$21 million in available funds to immediately pay all outstanding student stipends. Although Argosy is currently on HCM2, under these urgent circumstances, we are requesting a one-time exemption from the normal rules for the sake of the students who are in extreme need.
- Once the stipends are paid, on behalf of Argosy the Receiver plans to apply for the remaining \$7 million in G5 funds. These funds, combined existing balances of approximately \$3.8 million will fund Argosy operations and payroll for the remainder of the semester. There is also between \$3 million to \$6 million of additional draws available related to online starts in February and March.
- The Receiver will work with the independent boards and officers of South and Arts Institutes so that they can take over their own operating services at the earliest possible time.
- The Receiver intends to settle with or unwind the Studio transaction and recover the funds in Studio's hands.
- The Receiver is working with eight active potential purchasers and pursuing transitioning or selling the Receivership Entities as soon as possible.

We look forward to working with the Department of Education and the Department of Justice to transition these Universities to a soft landing, which is in the interest of every stakeholder.

Y
V
(b)(6)

Mark E. Dottore
Receiver

cc: Jonathan E. Jacobson, Esq.
Department of Justice
Benjamin W. Butterfield, Esq.
Morrison & Foerster, LLP
James A. Newton, Esq.
Morrison & Foerster, LLP

Enclosure

Title IV Receipts
Cash Flow by Day
1/1/19 - 2/5/2019

| OPED | Entity | 1/2/2019 | 1/3/2019 | 1/7/2019 | 1/10/2019 | 1/15/2019 | 1/16/2019 | 1/20/2019 | 1/29/2019 | 1/30/2019 | 2/4/2019 | Total |
|----------------------|----------|--------------|-----------|------------|-----------|--------------|--------------|---------------|------------|--------------|-----------|---------------|
| At Atlanta | All | \$ 233,951 | \$ - | \$ - | \$ - | \$ 3,115,241 | \$ - | \$ 810,170 | \$ - | \$ - | \$ - | \$ 4,159,362 |
| At Portland | All DCEH | \$ - | \$ 36,755 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,755 |
| At Seattle | All DCEH | \$ 1,000 | \$ - | \$ 544,250 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 28,929 | \$ 574,179 |
| At Pittsburgh | All DCEH | \$ 1,143,182 | \$ - | \$ - | \$ - | \$ 2,362,281 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,505,463 |
| At Philadelphia | All DCEH | \$ 17,377 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 17,377 |
| At Colorado | All DCEH | \$ - | \$ 2,329 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,329 |
| At Houston | All | \$ 46,437 | \$ - | \$ - | \$ - | \$ 3,718,337 | \$ - | \$ 494,479 | \$ 366,824 | \$ - | \$ - | \$ 4,626,077 |
| Argosy Orange County | AU DCEH | \$ 869,097 | \$ 18,372 | \$ - | \$ - | \$ 3,723,500 | \$ 5,519,912 | \$ - | \$ - | \$ 2,824,880 | \$ - | \$ 12,955,761 |
| At Fort Lauderdale | All DCEH | \$ - | \$ 36,138 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,138 |
| At Phoenix/Las Vegas | All DCEH | \$ 32,786 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 32,786 |
| At Miami | All | \$ 89,303 | \$ - | \$ - | \$ - | \$ 2,594,620 | \$ 152,257 | \$ - | \$ 874,060 | \$ - | \$ - | \$ 3,710,240 |
| At Chicago | All DCEH | \$ 7,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,000 |
| South Savannah | South | \$ 1,651,050 | \$ - | \$ - | \$ - | \$ 9,504,335 | \$ - | \$ 10,114,468 | \$ - | \$ - | \$ - | \$ 21,269,853 |

| Total Receipts | |
|----------------|----------------------|
| Entity | Receipts |
| All | \$ 12,495,679 |
| All DCEH | \$ 4,212,027 |
| AU DCEH | \$ 12,955,761 |
| South | \$ 21,269,853 |
| Total | \$ 50,933,320 |

Cash Flow
Argosy/DCEH
1/1/19 - 2/5/2019

| Argosy Cash Flow | Total | Pre-Receiver 1/1/19-1/20/19 | Post Receiver 1/21/2019 |
|------------------------|---------------------|--------------------------------|----------------------------|
| starting balance | \$ - | \$ - | \$ 5,449,656 |
| Title IV Receipts | \$ 12,955,761 | \$ 10,101,952 | \$ 2,853,809 |
| 1/18 Pay | \$ (2,147,583) | \$ (2,147,583) | |
| 2/1 Pay | \$ (2,141,427) | | \$ (2,141,427) |
| Stipends | \$ (907,114) | \$ (325,834) | \$ (581,280) |
| Other Vendor Payments | \$ (569,463) | \$ (569,463) | |
| Ø2L | \$ (305,773) | \$ (305,773) | |
| Twin Cities Rent | \$ (263,690) | \$ (263,690) | |
| TSA | \$ (1,609,416) | \$ (1,609,416) | |
| Current Balance | \$ 5,580,757 | \$ 5,449,656 | \$ 5,580,757 |

| DCEH Cash Flow | Starting Balance | 1/1,300,000 | \$ 11,300,000 | \$ 1,268,180 |
|------------------------|-----------------------|---------------------|-----------------------|--------------|
| Title IV Receipts | \$ 4,212,027 | \$ 4,212,027 | | |
| 1/4 Pay | \$ (9,508,425) | \$ (9,508,425) | | |
| 1/18 Pay | \$ (4,485,422) | \$ (4,485,422) | | |
| 2/1 Pay | \$ (3,037,055) | | \$ (3,037,055) | |
| Other Vendor Payments | \$ (250,000) | \$ (250,000) | | |
| Current Balance | \$ (1,768,875) | \$ 1,268,180 | \$ (1,768,875) | |
| Receiver Cash balance | \$ 3,811,883 | | | \$ 3,811,883 |

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

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Malone, Emily

From: Malone, Emily
Sent: Wednesday, February 27, 2019 3:34 PM
To: Petersen, Molly; Jordan, April; Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan
Subject: RE: Tick-Tock: CIO Denial Letter to DCEH

I spoke to PC just now. OLCA can release the letter now.

From: Petersen, Molly
Sent: Wednesday, February 27, 2019 3:32 PM
To: Jordan, April; Malone, Emily; Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan
Subject: RE: Tick-Tock: CIO Denial Letter to DCEH
Importance: High

We are not clear on what we can use for notifications given the note that says we cant send docs and attachments. Please confirm what is being sent at 3:30!

Molly Petersen
Legislative Director

From: Jordan, April
Sent: Wednesday, February 27, 2019 3:30 PM
To: Malone, Emily; Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan
Subject: RE: Tick-Tock: CIO Denial Letter to DCEH

Thanks, Emily.

In addition, the letter has been emailed to the federal receiver and DCEH board chairman. And OCO has received information for press outreach.

OLCA and OCO: please begin your notifications.

Thanks,
-asj

From: Malone, Emily
Sent: Wednesday, February 27, 2019 3:21 PM
To: Jordan, April; Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna;

Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan

Subject: RE: Tick-Tock: CIO Denial Letter to DCEH

Replying all to confirm that I have notified OLCA. Best, Emily

From: Jordan, April

Sent: Wednesday, February 27, 2019 1:37 PM

To: Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Malone, Emily; Gomez, Robert; Hill, Elizabeth

Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan

Subject: Tick-Tock: CIO Denial Letter to DCEH

Below, please find our tick-tock as of 1:20 p.m. (updated info in **red**).

Once you have completed your action item—beginning with the 2:30 p.m. action item—please “Reply All,” so the next action item can take place (unless otherwise noted).

Tick-Tock: Issue Argosy University CIO Denial Letter

Updated: Wednesday, Feb. 27, 2019 at 1:20 p.m.

Background

On Feb. 27, 2019, the Department will issue a formal denial of the change in ownership application filed in October 2017 by Dream Center Educational Holdings (DCEH) for its acquisition of Argosy University (Argosy) from Education Management Corporation. Part of the application included a request to convert from a for-profit to a nonprofit institution. The action will terminate the federal student aid eligibility of the Argosy system currently operated by DCEH and under the management of a federal receiver; the action will be effective on the date of the letter, Feb. 27, 2019.

On Oct. 17, 2017, DCEH officials entered into a temporary provisional program participation agreement (TPPPA) with the Department, which allowed Argosy to continue its participation in the federal student aid programs. A material term of the TPPPA was Argosy’s agreement to comply with all *Title IV* requirements. The Department has denied the change in ownership application—including the request to convert from a for-profit to a nonprofit institution—because Argosy does not meet certain standards, including administrative capability, financial responsibility, and the institution’s duty to use federal student aid programs funds only for their intended purpose.

Presently, DCEH retains ownership of 22 Argosy locations—including one main campus and 21 additional locations—across 11 states (Arizona, California, Florida, Georgia, Hawaii, Illinois, Minnesota, Texas, Utah, Virginia, and Washington).

Tuesday, Feb. 26, 2019

- **By 6:30 p.m. ET DONE** Circulate final version of CIO denial letter – Mike Frola

Wednesday, Feb. 27, 2019

- **By 9:30 a.m. ET DONE** Final CIO denial letter provided to FSA Communications – Tara/Mike
- **By 10 a.m. DONE** Redact CIO denial letter – FSA Communications
DONE Provide summary/background information for tick-tock/OCO/OLCA/etc. – Todd May
- **10:30a.m. DONE** Hold internal briefing for ED and FSA offices and teams – Robin Minor
- **By 12:15 p.m. DONE** Provide approved announcement to CE for SA.gov/dreamcenter – Robert Gomez

- **By 2:30 p.m.** Provide contact center notification text – Robert Gomez
- **3 p.m.** Email CIO denial letter to DCEH receiver and board chairman – Mike Frola
Provide redacted documents, message points, Q&As, etc. to OCO and OLCA – Robert Gomez and Emily Malone
- **3:30 p.m.** Notify states and accreditors – Ron Bennett
Notify impacted Hill offices – OLCA ****Please await confirmation email to begin notification****
Outreach to media – OCO ****Please await confirmation email to begin notification****
- **4 p.m.** Announcement on StudentAid.gov/dreamcenter goes live – Cindy Cameron
- **4:15 p.m.** Notify internal and external contact centers – Nicki Meoli
- **5 p.m.** Ship hard copy of CIO denial letter to DCEH federal receiver and board chair – Mike Frola

Please let me know if there are questions.

Many thanks,
-asj

April Jordan
Director, Communication Services
Office: 202-377-4604
April.Jordan@ed.gov



StudentAid.gov



Hill, Elizabeth

From: Hill, Elizabeth
Sent: Thursday, February 28, 2019 9:44 AM
To: Minor, Robin; Mangold, Donna; Jones, Diane; Eitel, Robert
Cc: Jordan, April; Finley, Steve; Frola, Michael; Bennett, Ron; Sikora, Tara; Puffer, Rhonda
Subject: RE: NYT Inquiry: Argosy/ Dream Center
Attachments: NY Times questions (2.27.19).docx

Just checking in this morning to see where we are in the approval process on these responses. Thanks for everyone's help!!

From: Minor, Robin
Sent: Wednesday, February 27, 2019 6:26 PM
To: Mangold, Donna; Hill, Elizabeth; Jones, Diane; Eitel, Robert
Cc: Jordan, April; Finley, Steve; Frola, Michael; Bennett, Ron; Sikora, Tara; Puffer, Rhonda
Subject: RE: NYT Inquiry: Argosy/ Dream Center

We'll loop them in. Thanks.

From: Mangold, Donna
Sent: Wednesday, February 27, 2019 6:24 PM
To: Minor, Robin; Hill, Elizabeth; Jones, Diane; Eitel, Robert
Cc: Jordan, April; Finley, Steve; Frola, Michael; Bennett, Ron; Sikora, Tara; Puffer, Rhonda
Subject: RE: NYT Inquiry: Argosy/ Dream Center

I have attached a draft that responds to all of the NY Times questions other than (b)(5)

(b)(5)

From: Mangold, Donna
Sent: Wednesday, February 27, 2019 5:30 PM
To: Minor, Robin; Hill, Elizabeth; Jones, Diane; Eitel, Robert; FSA Communications
Cc: Jordan, April; Finley, Steve
Subject: RE: NYT Inquiry: Argosy/ Dream Center

Except for those responses that FSA is providing (1 and 9), I have drafted responses to all of the NYTimes questions (including those that I didn't identify in my earlier e-mail).

Steve is doing a quick review now, and then I will circulate to the larger group, subject to Mike's team's verification that I have the numbers right.

From: Minor, Robin
Sent: Wednesday, February 27, 2019 12:32 PM
To: Mangold, Donna; Hill, Elizabeth; Jones, Diane; Eitel, Robert; FSA Communications
Cc: Jordan, April; Finley, Steve
Subject: RE: NYT Inquiry: Argosy/ Dream Center

We are providing 1 and 9.

From: Mangold, Donna
Sent: Wednesday, February 27, 2019 12:22 PM
To: Hill, Elizabeth; Jones, Diane; Eitel, Robert; FSA Communications; Minor, Robin
Cc: Jordan, April; Finley, Steve
Subject: RE: NYT Inquiry: Argosy/ Dream Center

So that we aren't overlapping our effort with other people on this message, Steve and I will tackle drafting a response to 2, 4, 5, and 6 (I have numbered the inquiries below).

From: Hill, Elizabeth
Sent: Wednesday, February 27, 2019 11:59 AM
To: Jones, Diane; Mangold, Donna; Eitel, Robert; FSA Communications; Minor, Robin
Cc: Jordan, April
Subject: FW: NYT Inquiry: Argosy/ Dream Center

First round of Argosy/Dream Center questions. Looking through them now myself but passing them along quickly so we can start to pull together the responses to her questions.

From: Green, Erica [mailto:erica.green@nytimes.com]
Sent: Wednesday, February 27, 2019 11:54 AM
To: Hill, Elizabeth
Subject: Re: NYT Inquiry: Argosy/ Dream Center

Hi Liz,

Below are the first round of questions we have regarding the department's role in Argosy/Dream Center situation that is unfolding. We are still reporting and things are developing so others may arise, but wanted to get these to you ASAP. If we could start getting answers to as many of these as possible by the COB, that'd be great. We are on deadline to file this tomorrow by noon, though that could change to **be earlier** in which case I will let you know.

1. Can ED please confirm how many students are enrolled at DCEH campuses right now, and how much in Title IV funds has gone to the chain since late December.
2. According to the receiver, by the time he took over campuses, there was only \$3.8 million left after ED had disbursed \$51 million, and \$13 million was owed to Argosy students. But, ED has said that the receiver should know where this money is? Can you provide ED's version of this timeline and its position on who is responsible for this?
3. Has ED determined why Argosy students have not received their funding? What steps have ED taken to find this money and get it to students? What is ED prepared to do to help students affected?
4. The receiver has blamed a non-profit deal that was orchestrated by the department as the reason for Dream Center's financial debacle. Can you please explain this deal, the role ED played, and why? In court filings, Dottore describes the Studio deal as "presented by the Department of Education -- specifically Diane Auer Jones -- as a "Take it, or we'll cut off

your funding today" prospect, with the "cut off your funding today resulting in the immediate and irreparable harm to the students affected by immediate campus closures."

5. The letters between Jones & Studio show Studio requesting, and Jones agreeing, to have this post-Studio-deal chain treated as a nonprofit, but it's clear from the letters that Studio, which is driving the ship on this, is very much a for-profit entity. Can the department explain why it thought that nonprofit status was appropriate here?
6. Studio wanted to be granted immunity for any past bad conduct before the deal's closing. ED said it couldn't grant that on its own but that it "agrees to seek DOJ approval to relieve South [and AI] from liabilities for pre-closing conduct, which relief the Department is not authorized to grant on its own." Can the department explain why it believed this was appropriate?
7. When did the department become aware that Argosy was in financial trouble, and what was the evidence of that trouble?
8. Does the Department have letters of credit for Dream Center institutions, including Argosy?
9. Can the department explain why it placed Argosy in HCM2?

Accreditation Issues with AI:

10. The Department allowed AI to present itself as accredited when HLC had revoked that status, a decision that is now the subject of a lawsuit. According to published reports, including some communication from AI leaders themselves, Diane encouraged and permitted this, and then revoked the guidance that would have prevented it. Can the Department explain this decision?

On Tue, Feb 26, 2019 at 3:15 PM Green, Erica <erica.green@nytimes.com> wrote:

Hi Liz,

I'm going to be working with a New York reporter on the Argosy/Dream Center situation, and was hoping ED could discuss what's going on with these missing financial aid funds, and how the department's approval of the acquisition may be at play here. Could we touch base on this?

Thanks,

Erica

--

Erica L. Green
Education Reporter
The New York Times
Desk: (202) 862-0430
Cell: (202) 360-6333
Email: erica.green@nytimes.com
Twitter: EricaLG

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of the Freedom of Information and Privacy Act

Jones, Diane

From: Jones, Diane
Sent: Thursday, February 28, 2019 10:25 AM
To: Minor, Robin; Jordan, April; Petersen, Molly; Meoli, Nicki; Malone, Emily; Frola, Michael; Bennett, Ron; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Bailey, Nathan
Subject: RE: UPDATED AT 4:20PM | RE: Tick-Tock: CIO Denial Letter to DCEH

Thank you all for the amazing work you are doing and have been doing for many months to help these students find a good path forward.

Diane

From: Minor, Robin <Robin.Minor@ed.gov>
Sent: Wednesday, February 27, 2019 5:25 PM
To: Jordan, April <April.Jordan@ed.gov>; Petersen, Molly <Molly.Petersen@ed.gov>; Meoli, Nicki <Nicki.Meoli@ed.gov>; Malone, Emily <Emily.Malone@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Bennett, Ron <Ron.Bennett@ed.gov>; Gomez, Robert <Robert.Gomez@ed.gov>; Hill, Elizabeth <Liz.Hill@ed.gov>
Cc: May, Todd <Todd.May@ed.gov>; Broadwater, Sara <Sara.Broadwater@ed.gov>; Harvey, Margery <Margery.Harvey@ed.gov>; Allred, Michelle <Michelle.Allred@ed.gov>; Manning, James <James.Manning@ed.gov>; Kane, John <John.Kane@ed.gov>; O'Brien, Marianna <Marianna.O'Brien@ed.gov>; Valentine, Ingrid <Ingrid.Valentine@ed.gov>; Sikora, Tara <Tara.Sikora@ed.gov>; Eliadis, Pam <Pam.Eliadis@ed.gov>; Prince, Scott <Scott.Prince@ed.gov>; Riley, Mary Christina <MaryChristina.Riley@ed.gov>; Oppenheim, Peter <Peter.Oppenheim@ed.gov>; Mangold, Donna <Donna.Mangold@ed.gov>; Finley, Steve <Steve.Finley@ed.gov>; Eitel, Robert <Robert.Eitel@ed.gov>; Jones, Diane <Diane.Jones@ed.gov>; Bailey, Nathan <Nathan.Bailey@ed.gov>
Subject: RE: UPDATED AT 4:20PM | RE: Tick-Tock: CIO Denial Letter to DCEH

Just wanted to confirm that all tasks identified were completed today as planned. This could not have been accomplished without the assistance and commitment of many on this email string throughout the Department. While it is an unfortunate situation, our efforts will ensure that we are doing everything we can to assist the impacted students. Thanks everyone.

Robin

From: Jordan, April
Sent: Wednesday, February 27, 2019 4:22 PM
To: Petersen, Molly; Meoli, Nicki; Malone, Emily; Minor, Robin; Frola, Michael; Bennett, Ron; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan
Subject: RE: UPDATED AT 4:20PM | RE: Tick-Tock: CIO Denial Letter to DCEH

Thanks, Nicki and OLCA. Tick-tock **updated** below.

-asj

From: Petersen, Molly

Sent: Wednesday, February 27, 2019 4:19 PM

To: Meoli, Nicki; Jordan, April; Malone, Emily; Minor, Robin; Frola, Michael; Bennett, Ron; Gomez, Robert; Hill, Elizabeth

Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan

Subject: RE: UPDATED AT 4:07PM | RE: Tick-Tock: CIO Denial Letter to DCEH

OLCA is complete as well.

Molly Petersen

Legislative Director

From: Meoli, Nicki

Sent: Wednesday, February 27, 2019 4:19 PM

To: Jordan, April; Malone, Emily; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Gomez, Robert; Hill, Elizabeth

Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan

Subject: RE: UPDATED AT 4:07PM | RE: Tick-Tock: CIO Denial Letter to DCEH

The internal and external contact center notifications have been sent.

From: Jordan, April

Sent: Wednesday, February 27, 2019 4:11 PM

To: Malone, Emily; Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Gomez, Robert; Hill, Elizabeth

Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan

Subject: UPDATED AT 4:07PM | RE: Tick-Tock: CIO Denial Letter to DCEH

The announcement for students is live at StudentAid.gov/dreamcenter.

The call with states and accreditors is still in-progress.

-asj

From: Jordan, April

Sent: Wednesday, February 27, 2019 3:30 PM

To: Malone, Emily; Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Gomez, Robert; Hill, Elizabeth

Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan

Subject: RE: Tick-Tock: CIO Denial Letter to DCEH

Thanks, Emily.

In addition, the letter has been emailed to the federal receiver and DCEH board chairman. And OCO has received information for press outreach.

OLCA and OCO: please begin your notifications.

Thanks,

-asj

From: Malone, Emily
Sent: Wednesday, February 27, 2019 3:21 PM
To: Jordan, April; Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan
Subject: RE: Tick-Tock: CIO Denial Letter to DCEH

Replying all to confirm that I have notified OLCA. Best, Emily

From: Jordan, April
Sent: Wednesday, February 27, 2019 1:37 PM
To: Meoli, Nicki; Minor, Robin; Frola, Michael; Bennett, Ron; Petersen, Molly; Malone, Emily; Gomez, Robert; Hill, Elizabeth
Cc: May, Todd; Broadwater, Sara; Harvey, Margery; Allred, Michelle; Manning, James; Kane, John; O'Brien, Marianna; Valentine, Ingrid; Sikora, Tara; Eliadis, Pam; Prince, Scott; Riley, Mary Christina; Oppenheim, Peter; Mangold, Donna; Finley, Steve; Eitel, Robert; Jones, Diane; Bailey, Nathan
Subject: Tick-Tock: CIO Denial Letter to DCEH

Below, please find our tick-tock as of 1:20 p.m. (updated info in red).

Once you have completed your action item—beginning with the 2:30 p.m. action item—please “Reply All,” so the next action item can take place (unless otherwise noted).

Tick-Tock: Issue Argosy University CIO Denial Letter

Updated: Wednesday, Feb. 27, 2019 at 4:20 p.m.

Background

On Feb. 27, 2019, the Department will issue a formal denial of the change in ownership application filed in October 2017 by Dream Center Educational Holdings (DCEH) for its acquisition of Argosy University (Argosy) from Education Management Corporation. Part of the application included a request to convert from a for-profit to a nonprofit institution. The action will terminate the federal student aid eligibility of the Argosy system currently operated by DCEH and under the management of a federal receiver; the action will be effective on the date of the letter, Feb. 27, 2019.

On Oct. 17, 2017, DCEH officials entered into a temporary provisional program participation agreement (TPPPA) with the Department, which allowed Argosy to continue its participation in the federal student aid programs. A material term of the TPPPA was Argosy’s agreement to comply with all *Title IV* requirements. The Department has denied the change in ownership application—including the request to convert from a for-profit to a nonprofit institution—because Argosy does not meet certain standards, including administrative capability, financial responsibility, and the institution’s duty to use federal student aid programs funds only for their intended purpose.

Presently, DCEH retains ownership of 22 Argosy locations—including one main campus and 21 additional locations—across 11 states (Arizona, California, Florida, Georgia, Hawaii, Illinois, Minnesota, Texas, Utah, Virginia, and Washington).

Tuesday, Feb. 26, 2019

- **By 6:30 p.m. ET DONE** Circulate final version of CIO denial letter – Mike Frola

Wednesday, Feb. 27, 2019

- **By 9:30 a.m. ET DONE** Final CIO denial letter provided to FSA Communications – Tara/Mike
- **By 10 a.m. DONE** Redact CIO denial letter – FSA Communications
DONE Provide summary/background information for tick-tock/OCO/OLCA/etc. – Todd May
- **10:30a.m. DONE** Hold internal briefing for ED and FSA offices and teams – Robin Minor
- **By 12:15 p.m. DONE** Provide approved announcement to CE for SA.gov/dreamcenter – Robert Gomez
- **By 2:30 p.m.** Provide contact center notification text – Robert Gomez
- **3 p.m. DONE** Email CIO denial letter to DCEH receiver and board chairman – Mike Frola
DONE Provide redacted documents, message points, Q&As, etc. to OCO and OLCA – Robert Gomez and Emily Malone
- **3:30 p.m. IN-PROGRESS** Notify states and accreditors – Ron Bennett
DONE Notify impacted Hill offices – OLCA ****Please await confirmation email to begin notification****
Outreach to media – OCO ****Please await confirmation email to begin notification****
- **4 p.m. DONE** Announcement on StudentAid.gov/dreamcenter goes live – Cindy Cameron
- **4:15 p.m. DONE** Notify internal and external contact centers – Nicki Meoli
- **5 p.m.** Ship hard copy of CIO denial letter to DCEH federal receiver and board chair – Mike Frola

Please let me know if there are questions.

Many thanks,
-asj

April Jordan
Director, Communication Services
Office: 202-377-4604
April.Jordan@ed.gov



StudentAid.gov



Mangold, Donna

From: Mangold, Donna
Sent: Thursday, February 28, 2019 12:50 PM
To: Minor, Robin; Hill, Elizabeth; Jones, Diane; Eitel, Robert
Cc: Jordan, April; Finley, Steve; Frola, Michael; Bennett, Ron; Sikora, Tara; Puffer, Rhonda; FSA Communications
Subject: RE: NYT Inquiry: Argosy/ Dream Center
Attachments: NY Times questions - Responses (2.28.19).docx

I have updated the response after verifying numbers with FSA. I have also worked in a few details from Diane's e-mail last night that weren't already captured in yesterday's draft.

From: Mangold, Donna
Sent: Wednesday, February 27, 2019 6:24 PM
To: Minor, Robin; Hill, Elizabeth; Jones, Diane; Eitel, Robert
Cc: Jordan, April; Finley, Steve; Frola, Michael; Bennett, Ron; Sikora, Tara; Puffer, Rhonda
Subject: RE: NYT Inquiry: Argosy/ Dream Center

I have attached a draft that responds to all of the NY Times questions other than 1 and 9 (which FSA is handling). In

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From: Mangold, Donna
Sent: Wednesday, February 27, 2019 5:30 PM
To: Minor, Robin; Hill, Elizabeth; Jones, Diane; Eitel, Robert; FSA Communications
Cc: Jordan, April; Finley, Steve
Subject: RE: NYT Inquiry: Argosy/ Dream Center

Except for those responses that FSA is providing (1 and 9), I have drafted responses to all of the NYTimes questions (including those that I didn't identify in my earlier e-mail).

Steve is doing a quick review now, and then I will circulate to the larger group, subject to Mike's team's verification that I have the numbers right.

From: Minor, Robin
Sent: Wednesday, February 27, 2019 12:32 PM
To: Mangold, Donna; Hill, Elizabeth; Jones, Diane; Eitel, Robert; FSA Communications
Cc: Jordan, April; Finley, Steve
Subject: RE: NYT Inquiry: Argosy/ Dream Center

We are providing 1 and 9.

From: Mangold, Donna
Sent: Wednesday, February 27, 2019 12:22 PM
To: Hill, Elizabeth; Jones, Diane; Eitel, Robert; FSA Communications; Minor, Robin
Cc: Jordan, April; Finley, Steve
Subject: RE: NYT Inquiry: Argosy/ Dream Center

So that we aren't overlapping our effort with other people on this message, Steve and I will tackle drafting a response to 2, 4, 5, and 6 (I have numbered the inquiries below).

From: Hill, Elizabeth
Sent: Wednesday, February 27, 2019 11:59 AM
To: Jones, Diane; Mangold, Donna; Eitel, Robert; FSA Communications; Minor, Robin
Cc: Jordan, April
Subject: FW: NYT Inquiry: Argosy/ Dream Center

First round of Argosy/Dream Center questions. Looking through them now myself but passing them along quickly so we can start to pull together the responses to her questions.

From: Green, Erica [mailto:erica.green@nytimes.com]
Sent: Wednesday, February 27, 2019 11:54 AM
To: Hill, Elizabeth
Subject: Re: NYT Inquiry: Argosy/ Dream Center

Hi Liz,

Below are the first round of questions we have regarding the department's role in Argosy/Dream Center situation that is unfolding. We are still reporting and things are developing so others may arise, but wanted to get these to you ASAP. If we could start getting answers to as many of these as possible by the COB, that'd be great. We are on deadline to file this tomorrow by noon, though that could change to **be earlier** in which case I will let you know.

1. Can ED please confirm how many students are enrolled at DCEH campuses right now, and how much in Title IV funds has gone to the chain since late December.
2. According to the receiver, by the time he took over campuses, there was only \$3.8 million left after ED had disbursed \$51 million, and \$13 million was owed to Argosy students. But, ED has said that the receiver should know where this money is? Can you provide ED's version of this timeline and its position on who is responsible for this?
3. Has ED determined why Argosy students have not received their funding? What steps have ED taken to find this money and get it to students? What is ED prepared to do to help students affected?
4. The receiver has blamed a non-profit deal that was orchestrated by the department as the reason for Dream Center's financial debacle. Can you please explain this deal, the role ED played, and why? In court filings, Dottore describes the Studio deal as "presented by the Department of Education -- specifically Diane Auer Jones -- as a "Take it, or we'll cut off your funding today" prospect, with the "cut off your funding today resulting in the immediate and irreparable harm to the students affected by immediate campus closures."
5. The letters between Jones & Studio show Studio requesting, and Jones agreeing, to have this post-Studio-deal chain treated as a nonprofit, but it's clear from the letters that Studio, which is driving the ship on this, is very much a for-profit entity. Can the department

explain why it thought that nonprofit status was appropriate here?

6. Studio wanted to be granted immunity for any past bad conduct before the deal's closing. ED said it couldn't grant that on its own but that it "agrees to seek DOJ approval to relieve South [and AI] from liabilities for pre-closing conduct, which relief the Department is not authorized to grant on its own." Can the department explain why it believed this was appropriate?
7. When did the department become aware that Argosy was in financial trouble, and what was the evidence of that trouble?
8. Does the Department have letters of credit for Dream Center institutions, including Argosy?
9. Can the department explain why it placed Argosy in HCM2?

Accreditation Issues with AI:

10. The Department allowed AI to present itself as accredited when HLC had revoked that status, a decision that is now the subject of a lawsuit. According to published reports, including some communication from AI leaders themselves, Diane encouraged and permitted this, and then revoked the guidance that would have prevented it. Can the Department explain this decision?

On Tue, Feb 26, 2019 at 3:15 PM Green, Erica <erica.green@nytimes.com> wrote:

Hi Liz,

I'm going to be working with a New York reporter on the Argosy/Dream Center situation, and was hoping ED could discuss what's going on with these missing financial aid funds, and how the department's approval of the acquisition may be at play here. Could we touch base on this?

Thanks,

Erica

--

Erica L. Green
Education Reporter
The New York Times
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Twitter: EricaLG

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Mangold, Donna

From: Mangold, Donna
Sent: Thursday, February 28, 2019 1:10 PM
To: Sikora, Tara; Bennett, Ron; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

(b)(5)

From: Sikora, Tara
Sent: Thursday, February 28, 2019 1:08 PM
To: Bennett, Ron; Mangold, Donna; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

I do have a voicemail to return from one of their staff members. I will call back now and let you know if I learn anything new.

From: Bennett, Ron
Sent: Thursday, February 28, 2019 1:06 PM
To: Mangold, Donna; Sikora, Tara; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

Nothing specific prompted. Was shared yesterday that if they had any information they wanted to share to send to me, Mike and Tara. We didn't make any specific requests of them in the conversation yesterday.

From: Mangold, Donna
Sent: Thursday, February 28, 2019 1:05 PM
To: Sikora, Tara; Bennett, Ron; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

+ Steve to bring him into this chain.

I think a call from Tara to find out if something specific prompted this message is a good first step.

From: Sikora, Tara
Sent: Thursday, February 28, 2019 1:02 PM
To: Bennett, Ron; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: RE: Dream Center Holdings - Student Roster

Ok thanks. I will hold off on responding until I hear more.

From: Bennett, Ron
Sent: Thursday, February 28, 2019 1:01 PM
To: Sikora, Tara; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: RE: Dream Center Holdings - Student Roster

(b)(5)

From: Sikora, Tara
Sent: Thursday, February 28, 2019 12:57 PM
To: Frola, Michael; Bennett, Ron; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: FW: Dream Center Holdings - Student Roster

Hello all,

(b)(5)

Thanks, Tara

From: Principe, Nicole@DCA [mailto:Nicole.Principe@dca.ca.gov]
Sent: Thursday, February 28, 2019 12:50 PM
To: Sikora, Tara
Cc: Rifredi, Leeza@DCA
Subject: Dream Center Holdings - Student Roster

Good Morning,

If you will confirm in writing that you are authorized to agree on behalf of the U.S. Department of Education that your agency will treat the Bureau's student roster for institutions owned by Dream Center Holdings as confidential, and that it will be used by your agency to perform necessary regulatory functions, the Bureau for Private Postsecondary Education will then provide the material via PDF in an email.

A response to this email will be sufficient.

Thank You,

Nicole Principe
Bureau for Private Postsecondary Education
Personnel Liaison
2535 Capitol Oaks. Dr. Suite 400
Sacramento, CA 95833
(916) 246-3900

Frola, Michael

From: Frola, Michael
Sent: Thursday, February 28, 2019 1:36 PM
To: Bennett, Ron; Sikora, Tara; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: RE: Dream Center Holdings - Student Roster

I also received an email.

-Mike

From: Bennett, Ron
Sent: Thursday, February 28, 2019 1:01 PM
To: Sikora, Tara; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: RE: Dream Center Holdings - Student Roster

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From: Sikora, Tara
Sent: Thursday, February 28, 2019 12:57 PM
To: Frola, Michael; Bennett, Ron; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: FW: Dream Center Holdings - Student Roster

Hello all,

(b)(5)

Thanks, Tara

From: Principe, Nicole@DCA [mailto:Nicole.Principe@dca.ca.gov]
Sent: Thursday, February 28, 2019 12:50 PM
To: Sikora, Tara
Cc: Rifredi, Leeza@DCA
Subject: Dream Center Holdings - Student Roster

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Thank You,

Nicole Principe
Bureau for Private Postsecondary Education
Personnel Liaison
2535 Capitol Oaks. Dr. Suite 400
Sacramento, CA 95833
(916) 246-3900

Sikora, Tara

From: Sikora, Tara
Sent: Thursday, February 28, 2019 3:08 PM
To: Bennett, Ron; Minor, Robin; Mangold, Donna; Frola, Michael; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

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The representative that I talked to from Bureau for Private Postsecondary Education was not familiar with this request, so I was not able to get any additional information regarding this request.

Tara

From: Bennett, Ron
Sent: Thursday, February 28, 2019 2:06 PM
To: Minor, Robin; Mangold, Donna; Sikora, Tara; Frola, Michael; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

Yes, exact same. We gave them all 3 of our email address to send stuff to, was just surprised they came individually.

From: Minor, Robin
Sent: Thursday, February 28, 2019 1:32 PM
To: Bennett, Ron; Mangold, Donna; Sikora, Tara; Frola, Michael; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

Is this not the same lady who sent the email to you saying they had some student rosters but didn't think they could release them to you because of privacy issues?

From: Bennett, Ron
Sent: Thursday, February 28, 2019 1:06 PM
To: Mangold, Donna; Sikora, Tara; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

Nothing specific prompted. Was shared yesterday that if they had any information they wanted to share to send to me, Mike and Tara. We didn't make any specific requests of them in the conversation yesterday.

From: Mangold, Donna
Sent: Thursday, February 28, 2019 1:05 PM
To: Sikora, Tara; Bennett, Ron; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Finley, Steve
Subject: RE: Dream Center Holdings - Student Roster

+ Steve to bring him into this chain.

I think a call from Tara to find out if something specific prompted this message is a good first step.

From: Sikora, Tara
Sent: Thursday, February 28, 2019 1:02 PM
To: Bennett, Ron; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: RE: Dream Center Holdings - Student Roster

Ok thanks. I will hold off on responding until I hear more.

From: Bennett, Ron
Sent: Thursday, February 28, 2019 1:01 PM
To: Sikora, Tara; Frola, Michael; Minor, Robin; Jones, Diane
Cc: Mangold, Donna
Subject: RE: Dream Center Holdings - Student Roster

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Hello all,

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Thanks, Tara

From: Principe, Nicole@DCA [mailto:Nicole.Principe@dca.ca.gov]
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A response to this email will be sufficient.

Thank You,

Nicole Principe
Bureau for Private Postsecondary Education
Personnel Liaison
2535 Capitol Oaks. Dr. Suite 400

Sacramento, CA 95833
(916) 246-3900

Sikora, Tara

From: Sikora, Tara
Sent: Friday, March 1, 2019 10:24 AM
To: Jones, Diane; Frola, Michael; Minor, Robin
Subject: RE: Dream Center Schools
Attachments: RE: Final Student Disposition Student Roster Request.msg

Diane,

I wanted to share an email string where we asked DCEH to confirm the numbers in the disposition chart. For example, we asked them the question below regarding the 803 “External Transfer to Partner Institution” students. Only 492 of those were confirmed transfers – see the Q&A below and full email exchange attached:

For the *DOE Category* “External Transfer to Partner Institution” are all of those transfers confirmed? If yes, what level of confirmation was used to populate this spreadsheet (an acceptance letter or proof of attendance etc.)?

Response: There are 803 students in the DOE Category column sorted by “External Transfer to Partner Institution.” Of these, we have confirmed that 492 have transferred. This includes those in the *Internal Category* column sorted by “External Transfer Paid.” This means we have received an acceptance letter or proof of attendance from these students and that a \$5,000 transfer grant has been issued. The remaining 311 of the 803 have indicated to us their intention to transfer, but have not yet provided proof of attendance and the transfer grant has not been issued.

Tara

From: Jones, Diane
Sent: Friday, March 1, 2019 9:17 AM
To: Sikora, Tara; Frola, Michael; Minor, Robin
Subject: RE: Dream Center Schools

That is exactly what I needed! Thanks! I am concerned that they may have been moving people to online even after we told them that online could not be included as a teach-out option.

Diane

From: Sikora, Tara <Tara.Sikora@ed.gov>
Sent: Friday, March 1, 2019 9:14 AM
To: Jones, Diane <Diane.Jones@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>
Subject: RE: Dream Center Schools

Is this what you are looking for?

| Students Enrolled - July 2018 | Withdrawals | Scheduled to Graduate Prior to Closure Date | Internal Transfer Onsite or Online | External Transfer to Partner Institution | Academic Dismissals | Remaining Undecided | Never Attended |
|-------------------------------|-------------|---|------------------------------------|--|---------------------|---------------------|----------------|
| 9,309 | 3,282 | 2,616 | 2,387 | 803 | 172 | 12 | 37 |

I pulled this chart from the January 15, 2019 “Progress Report on the Closure Plan” DCEH submitted to the Department.

Tara

From: Jones, Diane
Sent: Friday, March 1, 2019 9:07 AM
To: Sikora, Tara; Frola, Michael; Minor, Robin
Subject: RE: Dream Center Schools

Hi Tara,
 Thanks, again, for pulling these numbers. This is very helpful. One other question I’ve been asked about the closing schools is whether we can pull from the flash drives the numbers on how many students completed, transferred or dropped. If you have those spreadsheets loaded on sharepoint, I’m happy to have someone on my team tabulate the numbers – I know you’ve already been asked to do way too much work on Dream Center schools.
 Thanks,
 Diane

From: Sikora, Tara <Tara.Sikora@ed.gov>
Sent: Thursday, February 28, 2019 10:49 AM
To: Jones, Diane <Diane.Jones@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>; Minor, Robin <Robin.Minor@ed.gov>
Subject: RE: Dream Center Schools

Hi Diane,

We pulled together the items you requested in the email below in the attached spreadsheet. Please review and let us know if you have any questions/comments or if you are looking for any additional information.

| Tab Name | Tab Description |
|-------------------------------|---|
| DCEH Dec 2018 Closures | A list of the 29 Dream Center (DCEH) locations that completed teach-outs in December 2018 and the student enrollment reported in student rosters from June 2018 and December 2018. |
| Former DCEH Under New Control | A list of the 21 locations formerly owned by DCEH that are operating under the Education Principle Foundation. |
| DCEH Locations + Enrollment | A detailed list of Title IV eligible locations (main & additional) for the following four DCEH managed schools: <ul style="list-style-type: none"> • Argosy University (OPEID# 021799) • Art Institute of Las Vegas (The) (OPEID# 040513) • Art Institute of Pittsburgh (The) (OPEID# 007470) • Art Institute of Seattle (The) (OPEID# 022913) This tab also includes active student enrollment counts as of 02/26/19 and a count of student withdrawals occurring within 120 days from 02/26/19. |

This data will need to be validated before it can be released to anyone outside of FSA. We have put in a request to have it validated and can let you know once that is complete if you think you will need to share any of this data.

Thank you,

Tara

From: Jones, Diane

Sent: Wednesday, February 27, 2019 11:21 AM

To: Sikora, Tara; Frola, Michael; Minor, Robin

Subject: Dream Center Schools

Do we happen to have a list of all Dream Center schools that shows which completed teach-outs in December, which became independent in January, and which are still part of Dream Center? Also, do we have a general sense of enrollment numbers for each campus? I think the states can provide us with program level enrollment numbers for the campuses in their state – I'm not sure if we have access to those data internally. Finally, we are being asked about starting numbers and final numbers for the schools that taught out in December. Do we have those numbers? Tara, if you have the information from a flash drive but haven't had time to tally it up yet, I can have someone over here work on that. I know you've been more than swamped with this.

Thanks,
Diane

Prince, Scott

From: Prince, Scott
Sent: Friday, March 1, 2019 1:39 PM
To: Mangold, Donna; Jones, Diane; Minor, Robin; Frola, Michael
Cc: Petersen, Molly; Riley, Mary Christina; Bartlett, Anna
Subject: RE: DCEH hill briefing request - additional questions about receivership schools

Hi All,

Thanks for your flexibility as we had to move the hill briefing about Dream Center/Argosy to 4pm on Monday.

In addition to the questions below, OLCA has received an additional question from the hill:

- Is Argosy continuing to enroll new students online or at any of its campuses? If so, has the Department required it to disclose to students that they will not be able to use Title IV funds to attend?

Let's add this to our list for discussion.

Thank you.

Regards,
-Scott

Scott D. Prince
Legislative Affairs Specialist
Office of Legislation and Congressional Affairs (OLCA)
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202-3100

Phone: 202-453-6363

Scott.Prince@ed.gov

www.ed.gov

From: Prince, Scott
Sent: Tuesday, February 26, 2019 12:52 PM
To: Mangold, Donna; Jones, Diane; Minor, Robin; Frola, Michael
Cc: Petersen, Molly; Riley, Mary Christina; Bartlett, Anna
Subject: DCEH hill briefing request - additional questions about receivership schools

Hi Everyone,

OLCA has set up a call for us to provide an update to the hill on the Dream Center schools on Monday. We'll meet at 11am and then call the hill at 11:15am. Donna, Diane, Mike and Robin are all confirmed. Will send you details once I confirm a location.

In the meantime, hill staff also sent us the following questions on this issue.

Is any of this information readily available?

- Any disclosures or information ED has provided directly to students;
 - o What is ED telling students about the potential precipitous closure of receiver schools?
- Any disclosures or information ED has required the receiver to make to students;
- Has ED required teach-out agreements from the receiver schools?
 - o Has ED been in touch with WASC and Middle States regarding teach-out agreements at receiver schools?
- Has ED prohibited new enrollments at receiver schools?
- What amount of surety or cash from DCEH does ED still hold?
- Is ED still pursuing a sale or transaction involving some or all of the receiver schools?
- Has the Department provided any funds to the receiver schools since 1/29/19?
- How much funding has the Department provided since Jan. 1 pre-receivership and post-receivership?

OLCA is getting a number of inquiries from the hill with similar questions about the receivership schools.

Please let me know if you have any questions or if I should reach out to others for assistance with these responses.

If we can't respond this week, we should be prepared to discuss these answer on our hill call on Monday.

Thanks everyone.

Regards,
-Scott

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Jones, Diane

From: Jones, Diane
Sent: Friday, March 1, 2019 11:27 PM
To: Minor, Robin
Cc: Sikora, Tara; Frola, Michael
Subject: RE: Argosy University

The problem is that right now the schools can only talk about transfer options. Teach-out options allow accredited programs to offer much more favorable transfer of credit opportunities, but schools and states can't talk about teach-out options until teach-out agreements are signed, and that can't be done until the school announces that it is closing. This is why the timing is so critical and I was concerned about the "appeal" period because students can't be told about the more favorable teach-out options until the school says it is closing.

Transfer options for programmatically accredited programs are always unfavorable toward students. This is why the teach-out agreement is so important. Nursing students and law students have similar challenges.

Diane

From: Minor, Robin <Robin.Minor@ed.gov>
Sent: Friday, March 1, 2019 9:00 PM
To: Jones, Diane <Diane.Jones@ed.gov>
Cc: Sikora, Tara <Tara.Sikora@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>
Subject: Re: Argosy University

Below are the notes from one of our staff who participated in the transfer fair today. It paints a different story regarding the institution below.

We had 14 students attend the "Closed School" workshop organized by the CA Bureau for Private Postsecondary Education today at the State Building in downtown Oakland. Considering that there's only the one campus in Nor Cal- the number wasn't surprising. There are 5 campuses in Southern California so those sessions will probably be bigger. Here are important notes from today:

- Students had received a copy of the CIO Denial from the Receiver
- The Alameda campus of Argosy is now closed and they are meeting elsewhere (that wasn't clear and caught me off guard as I was trying to answer another question at the time)
- Some of the students- mainly the undergrads – have been moved to an online platform
- Some of the students have transferred to Alliant International/Ca. School Professional Psychology under a proposed articulation agreement that promised them that all of the credits would be transferred- they are now being told by Alliant that this is not the case and some credits will not be transferable/accepted because there's no acceptable equivalent
- The students that did transfer to Alliant were promised in writing that they would receive \$5,000 (unclear if this was part of their stipend or towards tuition) but that has not been disbursed/awarded
- One of the students shared that according to the American Psychological Association (APA) that also accredits their PsyD program that APA only allows some of their credits to transfer and not all credits.

On Mar 1, 2019, at 7:17 PM, Jones, Diane <Diane.Jones@ed.gov> wrote:

FYI - here is another school interested in helping with a teach-out.

From: Jones, Diane
Sent: Friday, March 1, 2019 7:15 PM
To: 'Guida, Tony' <TGuida@duanemorris.com>
Cc: Andy Vaughn (andy.vaughn@alliant.edu) <andy.vaughn@alliant.edu>
Subject: RE: Argosy University

Hi Tony and Andy,
Thanks so much for reaching out to me and for your willingness to help Argosy students complete their programs. Your proposal, below, seems like it would be incredibly helpful to students.

Since Argosy is not officially in teach-out, we cannot announce teach-out plans to students. I would ask that you share this with WSCUC to get their feedback/approval and that you try to reach out to Argosy to start the conversation.

Please keep us posted on your progress.

Thanks so much,
Diane

From: Guida, Tony <TGuida@duanemorris.com>
Sent: Friday, March 1, 2019 6:05 PM
To: Jones, Diane <Diane.Jones@ed.gov>
Cc: Andy Vaughn (andy.vaughn@alliant.edu) <andy.vaughn@alliant.edu>
Subject: Argosy University

Hi Diane,


Hope you are well.

I was talking to Andy Vaughn, President of WSCUC and APA accredited Alliant International University, about recent events with respect to Argosy University. Alliant is already involved in teaching out some Argosy locations and has had much success, especially with respect to PsyD students. I asked Andy to describe what Alliant is currently doing and what more it could do to assist with a teach out of Argosy students. His email is below.

Outreach by the Department to Andy can be made directly to him. Andy is copied on this email and his full contact information is at the end of his email to me.

Thank you.

Tony



www.duanemorris.com

Anthony J. Guida Jr.
Partner

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C: +1 714 980 1579

From: Andy Vaughn
Sent: Friday, March 1, 2019 11:52 AM
To: 'Guida, Tony' <TGuida@duanemorris.com>
Subject: Argosy Status and Next Steps
Tony:

Thanks for the conversation today.

Below is a recap of what Alliant is already doing with the closed Argosy campuses in Alameda (Bay Area) and San Diego. The most important piece is that we took in over 20 of the PsyD students from Argosy Bay Area who transferred right into our PsyD in SF. We can do the same for the Orange County students who could move to our LA campus, and for any PsyD students nationwide who wish to move to one of our CA campuses. We also have the online programs available listed in B3 below.

Alliant would also be willing to provide a stipend of around \$5k for moving expenses for PsyD students that would like to relocate to a market we are in for that specific program.

I think the most impactful and immediate thing we can do is the Argosy Orange County PsyD transfer to our LA campus since we just did this for Argosy SF and it was seamless. APA was fine with it too.

(A) below is what we are doing with Argosy already

(B) Is what we could do, and what programs we would have available

A. To date, the following has occurred between Alliant and Argosy:

Articulation agreements executed following the closure of nine Argosy programs/campuses (coinciding with the closure of The Art Institutes and South University and detailed in the following: <https://www.dcedh.org/partner-institutions>).

Articulation agreement executed between Alliant-SF PsyD Program and Argosy Alameda PsyD program to accept all students effective Spring 2019.

B. Potential next steps:

1. Dialogue with Argosy to determine interest in entering articulation agreements for accepting students from additional PsyD programs (both proximate and distant) for any interested students should additional campus closures occur. Campuses include: Atlanta, Chicago, Hawaii, Northern Virginia, Orange County, Phoenix, Tampa, Twin Cities. Clearly, most likely applicant pool is Orange County. Student enrollment for 16-17 was 38, and in 17-18 was 18.
2. Determine courses that can be transferred from Argosy Orange County students in advance of articulation agreements. Students take 35 Units in Year One, so this is the most likely applicant pool. Courses taken include:
3. Dialogue with Argosy to determine interest in entering articulation agreements for students in online programs consistent with those offered by Alliant, including MBA, DBA, MACC, Counseling Psychology, MAEd, EdD, MFT.

Andy Vaughn
President and CEO
Alliant International University

O: 858-635-4033

<image001.png>

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Jones, Diane

From: Jones, Diane
Sent: Tuesday, March 5, 2019 11:02 PM
To: Mangold, Donna; Finley, Steve; Frola, Michael
Cc: Delekta, Amanda
Subject: RE: Dream Center Bi-Weekly Meeting

Sorry – Amanda was out today and I forgot to send a cancellation.
Diane

From: Mangold, Donna <Donna.Mangold@ed.gov>
Sent: Tuesday, March 5, 2019 3:36 PM
To: Jones, Diane <Diane.Jones@ed.gov>; Finley, Steve <Steve.Finley@ed.gov>; Frola, Michael <Michael.Frola@ed.gov>
Cc: Delekta, Amanda <Amanda.Delekta@ed.gov>
Subject: RE: Dream Center Bi-Weekly Meeting

Amanda, we are assuming this is off for today.

-----Original Appointment-----

From: Jones, Diane
Sent: Thursday, August 09, 2018 5:08 PM
To: Jones, Diane; Johnson, Wayne; Riemer, Jeffrey (Justin); Finley, Steve; Mangold, Donna; Minor, Robin; Frola, Michael; Smith, Kathleen (Kathleen.Smith@ed.gov)
Subject: Dream Center Bi-Weekly Meeting
When: Tuesday, March 05, 2019 3:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: LBJ OUS Conf Room 7E307

Will adjust as necessary.

[Join Skype Meeting](#)

Trouble Joining? [Try Skype Web App](#)

Join by phone

[+12029910393](#) (Dial-in Number) English (United States)

[Find a local number](#)

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[Forgot your dial-in PIN?](#) | [Help](#)

Lohman, Gretchen

From: Lohman, Gretchen
Sent: Tuesday, March 5, 2019 11:56 PM
To: Jones, Diane; Bernoteit, Stephanie; Bennett, Ron; Frola, Michael
Subject: Fwd: [Ext] RE: Phone call
Attachments: image001.jpg

Here is what was sent to the potential partners (see below):

Please note that the dates are March 7/8. Argosy and Dream Center had initially listed the wrong dates, but it was clarified.

Gretchen

Sent from my iPhone

Begin forwarded message:

From: "Beaver, Kevin" <kebeaver@argosy.edu<mailto:kebeaver@argosy.edu>>
Date: March 5, 2019 at 9:25:23 PM CST
To: "Chaden, Caryn" <CCHADEN@depaul.edu<mailto:CCHADEN@depaul.edu>>
Cc: "Toney, Hope M." <htoney@dcedh.org<mailto:htoney@dcedh.org>>, "Lohman, Gretchen" <Lohman@ibhe.org<mailto:Lohman@ibhe.org>>
Subject: RE: [Ext] RE: Phone call

Yes, my apologies. Fingers moving too fast. They will be held on our campus - address in my signature below.

Thank you.

Kevin Beaver, MBA
Campus President

[cid:image001.jpg@01D3AAE9.647C0E70]

225 North Michigan Avenue | Suite 1300 | Chicago, Illinois 60601 Office: (312) 777-7735 |
kebeaver@argosy.edu<mailto:kebeaver@argosy.edu> | argosy.edu<https://urldefense.proofpoint.com/v2/url?u=http-3A__argosy.edu&d=DwQFAG&c=euGZstcaTDllvimEN8b7jXrwqOf-v5A_CdpnVfiiMM&r=YYHpZNuBYhCUqBCqhRMwCQ&m=GJbWkxFQMEzBRixe4rOEKcsF_M1KBvE7_oUq9smOHw&s=TQlvFQ-IY--xPOIasYHdSshwdfgLuqdSGoFVpc_mQ&e=>>

From: Chaden, Caryn <CCHADEN@depaul.edu<mailto:CCHADEN@depaul.edu>>
Sent: Tuesday, March 05, 2019 9:24 PM
To: Beaver, Kevin <kebeaver@argosy.edu<mailto:kebeaver@argosy.edu>>
Cc: Toney, Hope M. <htoney@dcedh.org<mailto:htoney@dcedh.org>>; Lohman, Gretchen