



NOTICE AND EMERGENCY DECISION

March 4, 2019

CERTIFIED AND OVERNIGHT DELIVERY

Dream Center Education Holdings, LLC, Owner
Argosy University
1400 Penn Avenue
Pittsburg, PA 15222

Pursuant to California Education Code section 94938, California Code of Regulations, Title 5, section 75150, and article 13 (commencing with section 11460.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code, the Bureau for Private Postsecondary Education (Bureau) issues the following Emergency Decision:

Effective upon close of business March 13, 2019, the Bureau hereby orders Dream Center Education Holdings, LLC to:

- 1. CEASE ENROLLMENT OF ANY NEW STUDENTS IN ALL PROGRAMS; AND**
- 2. CEASE THE COLLECTION OF TUITION OR FEES FOR ALL PROGRAMS;**

at the following locations (collectively, "Argosy"):

- **Argosy University - Orange County (Main)**
School Code: 3013761
3601 West Sunflower Avenue
Santa Ana, CA 92704
- **Argosy University - San Francisco Bay Area (Branch)**
School Code: 91554422
1005 Atlantic Ave
Alameda, CA 94501
- **Western State College of Law at Argosy University (Branch)**
School Code: 71847809
1 Banting
Irvine, CA 92618-3601

- **Argosy University – Los Angeles (Branch)**
 School Code 93794466
 5230 Pacific Concourse Dr., Suite 200
 Los Angeles, CA 90045

- **The Art Institute of California – Hollywood (Branch)**
 School Code: 1921201
 5250 Lankershim Boulevard
 North Hollywood, CA 91601

- **The Art Institute of California – San Diego (Branch)**
 School Code: 3704151
 7650 Mission Valley Road
 San Diego, CA 92108

- **The Art Institute of California – Hollywood (Satellite)**
 School Code: 15594987
 11128 Magnolia Avenue
 North Hollywood, CA 91601

- **The Art Institute of California – Inland Empire (Satellite)**
 School Code: 66099626
 630 East Brier Drive
 San Bernardino, CA 92408

- **The Art Institute of California – San Diego (Satellite)**
 School Code: 18507333
 7675 Mission Valley Road
 San Diego, CA 92108

- **Argosy University – Military Coast Guard (Satellite)**
 School Code: 72482309
 1001 South Seaside Ave., Building 3
 San Pedro, CA 90731

This Order is based on an immediate danger to the public health, safety, and welfare, and is supported by the Declaration of Leeza Rifredi, Deputy Bureau Chief, attached hereto.

The Bureau has determined that circumstances require immediate action by the Bureau to protect students, prevent misrepresentations to the public, and prevent the loss of public funds or monies paid by students. These circumstances include the following:

- On February 27, 2019, the U.S. Department of Education (USDOE) cancelled Argosy's participation in the Federal Student Aid program and notified the Bureau. Argosy's participation was cancelled based on Argosy's current financial situation and violation of USDOE standards, including but not limited to, its failure to pay Title IV, Higher Education Act Program credit balances owed to its students and parents. This failure was confirmed by the Bureau to have caused harm to California students. Argosy failed to meet the following required standards as set forth by USDOE:
 - fiduciary standard of conduct;
 - financial responsibility; and
 - standards of administrative capability.
- As stated by the USDOE, "the violations involved are serious, and the potential harm to students and taxpayers is severe." Furthermore, the USDOE stated that Argosy's failure to pay Title IV, Higher Education Act program funds "demonstrates a blatant disregard of the needs of its students."
- The USDOE also determined that Argosy's termination of its chancellor, and nearly 100 Argosy faculty, academic support personnel and financial aid counselors "have resulted in substantial and irreparable damage to the academic integrity of Argosy . . . because Argosy can no longer provide services, including academic programs, described in its official publications and statements."

Argosy's loss of federal funds and failure to pay Title IV, Higher Education Act Program credit balances owed to its students and parents represents a substantial failure to meet the Bureau's minimum operating standards related to financial stability.

You have the right to be heard before the Director of the Department of Consumer Affairs, or his designee, regarding the allegations in the Emergency Decision prior to the effective date of the Emergency Decision.

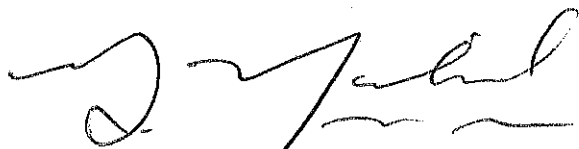
If you would like to be heard before the Director, please submit a request by fax to Renee Walters, Discipline Analyst, Bureau for Private Postsecondary Education, 2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833, (916) 263-1896 (fax). Alternatively, you may telephone Renee Walters at (916) 576-2398. Unless the Bureau receives your request by **5:00 p.m. on March 7, 2019** you will be deemed to have waived your right to be heard before the Director, or his designee.

If a hearing is requested, the hearing before the Director of the Department of Consumer Affairs, or his designee, will be held on **March 8, 2019 from 3:00 p.m. to 5:00 p.m.** at the Department of Consumer Affairs Legal Affairs Division, located at 1625 North Market Blvd., Suite 210, Sacramento, CA 95834.

Within 10 days after issuance of the Emergency Decision, the Bureau will file an accusation to revoke the Argosy's approvals to operate based, in part, on the charges and allegations set forth in the Emergency Decision. The adjudicative proceedings shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

Upon issuance of the Emergency Decision, you have the right under Government Code section 11460.80 to obtain judicial review of the Decision.

The Emergency Decision, **effective upon close of business March 13, 2019**, shall remain in effect until such time as the Accusation has been fully adjudicated or upon issuance of the final decision following judicial review.



Dr. Michael Marion, Jr., Bureau Chief
Bureau for Private Postsecondary Education

3/4/19
Date

Declaration of Leeza Rifredi

I, Leeza Rifredi, declare that if called to testify I would testify competently and relevantly as follows:

1. Since July 1, 2016, I have been the Deputy Bureau Chief for the Bureau for Private Postsecondary Education (Bureau) in the California Department of Consumer Affairs. My duties include oversight of the operations of the Bureau, including the units related to licensing, complaint investigation, enforcement, and compliance. In the performance of my duties, I routinely have contact with officials at the United States Department of Education (USDOE). I have personal knowledge of the matters set forth herein.

2. Unless exempt, private postsecondary institutions must be approved by the Bureau to operate in California. (Ed. Code §§ 94817 & 94886.) Based on the Bureau's licensing records, Argosy University (Argosy) is approved by the Bureau to operate programs at the following institutions, which are all owned by Dream Center Education Holdings, LLC (DCEH):

1. Argosy University - Orange County (Main)
School Code: 3013761
3601 West Sunflower Avenue
Santa Ana, CA 92704
2. Argosy University - San Francisco Bay Area (Branch)
School Code: 91554422
1005 Atlantic Ave
Alameda, CA 94501
3. Western State College of Law at Argosy University (Branch)
School Code: 71847809
1 Banting
Irvine, CA 92618-3601
4. Argosy University - Los Angeles (Branch)
School Code 93794466

5230 Pacific Concourse Dr.
Los Angeles, CA 90045

5. The Art Institute of California – Hollywood (Branch)
School Code: 1921201
5250 Lankershim Boulevard
North Hollywood, CA 91601
6. The Art Institute of California – San Diego (Branch)
School Code: 3704151
7650 Mission Valley Road
San Diego, CA 92108
7. The Art Institute of California – Hollywood (Satellite)
School Code: 15594987
11128 Magnolia Avenue
North Hollywood, CA 91601
8. The Art Institute of California – Inland Empire (Satellite)
School Code: 66099626
630 East Brier Drive
San Bernardino, CA 92408
9. The Art Institute of California – San Diego (Satellite)
School Code: 18507333
7675 Mission Valley Road
San Diego, CA 92108
10. Argosy University – Military Coast Guard (Satellite)
School Code: 72482309
1001 South Seaside Ave., Building 3
San Pedro, CA 90731

[Attached as **Exhibit A** is a true and correct copy of the Bureau's Certification of Institutional and Program Approvals showing the Argosy schools and programs approved to operate in California, and ownership by DHEC of all campuses.]

3. Based on the Bureau's records and information that the Bureau has received from USDOE, Argosy participates in Title IV of the federal Higher Education Act of 1965 for all of its

California locations, and over 83 percentage of its revenue is derived by participation in Title IV funds. [Attached as **Exhibit B** is a true and correct copy of a printout of a report from the USDOE website that I printed on March 4, 2019, showing that Argosy's locations that participate in Title IV funds including the California locations listed above; also included is a copy of a relevant portion of Argosy's 2016 Annual Report where Argosy admits that 83% of its revenue is derived from federal student loans.]

4. Pursuant to its mandate, the Bureau adopted "minimum operating standards" for all regulated institutions. An institution must comply with the standards in order to obtain and maintain an approval to operate. (Ed. Code §§ 94885, 94887 & 94891; Cal. Code Regs., tit. 5, § 71700.) Under the standards, an institution must be financially sound and capable of fulfilling its commitment to students. (Ed. Code § 94885; Cal. Code Regs., tit. 5, § 71745.) It must have at all times sufficient assets and financial resources to ensure that all students admitted to its programs have a reasonable opportunity complete the programs and obtain their degrees or diplomas. (*Id.*) An institution must also be able pay all operating expenses due within 30 days. (*Id.*) The standards also require that the institution's administrators are properly qualified and have the expertise to ensure the achievement of the institution's mission and objectives and the operation of the educational programs. (Ed. Code § 94885; Cal. Code Regs., tit. 5, § 71730.) The Bureau has authority to "require documents and responses from an institution to monitor compliance." (Ed. Code § 94932.)

5. The Bureau has discretion to make an "emergency decision" if there is an immediate danger to the public health, safety, or welfare that requires immediate action to protect students, prevent misrepresentation to the public, or prevent the loss of public funds or moneys paid by students. (Ed. Code, § 94938; Cal. Code Regs., tit. 5, § 71750, subd. (b).) Activities that warrant an

emergency decision include, “but [are] not limited to,” a substantial failure to meet institutional minimum operating standards (Cal. Code Regs., tit. 5, § 71750, subd. (b)).

6. In making an emergency decision, the Bureau may order temporary, interim relief in the form of some or all of the following: (1) cease or limit enrollment of new students; (2) cease part or all instruction for some or all programs; (3) cease collection of tuition or fees for some or all programs; and (4) suspend approval or provisional approval to operate or offer any degree programs. (Cal. Code Regs., tit. 5, § 71750, subd. (c).)

7. As set forth below and in the related exhibits, recent adverse action by the USDOE against Argosy and the reasons for it, as well as corroborating evidence obtained by the Bureau, demonstrate that there is an immediate danger to the public health, safety, and welfare that warrants an emergency decision. Specifically, the following forms the basis for the Bureau’s emergency decision to prevent Argosy from enrolling new students in all programs at its California locations, and to prevent Argosy from collecting further tuition or fees for all programs:

a. On February 27, 2019, Argosy was notified by the USDOE that the USDOE was terminating Argosy’s participation in student financial programs under Title IV of the Higher Education Act of 1965 (HEA). [Attached as **Exhibit C** is a true and correct copy of a letter with accompanying exhibits that I received from USDOE and reviewed in my capacity as Deputy Bureau Chief.] Notification of Argosy’s Title IV termination was also communicated to me over the telephone by a USDOE official on February 27, 2019.

b. The Bureau subsequently confirmed with the USDO that the termination of Argosy’s participation in Title IV, HEA programs includes all of Argosy’s California locations.

c. According to the USDOE’s letter, “[b]ased on its current financial information

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 [USDOE's] standards" related to fiduciary conduct, financial responsibility, or administrative responsibility. (Exhibit B, p. 2.).

d. As to fiduciary conduct, the USDOE determined that Argosy failed to properly administer the Title IV, HEA program funds entrusted to it, stating that such failure "constitutes a grievous breach of its fiduciary duty to the Department." Specifically, the USDOE's letter states that on January 25, 2019, after the Northern District of Ohio federal court appointed a receiver over DCEH (the Receivership), the USDOE placed Argosy on heightened cash management (HCM2). This HCM2 status required Argosy to first pay student Title IV, HEA credit balances before submitting a request for payment to the USDOE. The USDOE's letter explains that credit balances are "stipends" or funds that students have borrowed to cover their living expenses, such as rent or mortgage payments, payments for childcare, and groceries. The USDOE determined that Argosy failed to pay those credit balances "totaling \$16,299,840" to students and parents, including to California students at Argosy campuses in Los Angeles, Orange County, San Francisco, Hollywood, and San Diego. (Exhibit B, pp. 2-4, attachment, "Exhibit 1").

e. Second, the USDOE found that Argosy did not meet its standards of financial responsibility, which, like the Bureau's standards stated above, require an institution to be able to meet all of its financial obligations. The USDOE's letter cites the pleadings in the receivership case that describe Argosy as having serious financial difficulties, as well as the Receivership's termination of Argosy's chancellor and about 100 of its employees. (Exhibit B, p. 5.). The receiver overseeing the Receivership of Argosy stated in a letter dated February 7, 2019 to the USDOE that "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... (Exhibit B, attachment, "Exhibit 2", p. 4 of letter.).

f. Third, the USDOE determined that Argosy failed to meet its standards for administrative capability because of the foregoing issues. (Exhibit B, p. 6.). In addition, according to the USDOE, since USDOE learned about the credit balance problem, Argosy's responses to the USDOE's request for student rosters and other financial information has been incomplete or inconsistent. (*Id.*)

g. The USDOE summarized the current situation as follows: "As detailed in this letter, the violations involved here are serious, **and the potential harm to students and taxpayers is severe. ...]**

h. On or about February 22, 2019, the Bureau reviewed a "Revised and Amended Report on Student Stipends" filed by the receiver in the Receivership, which states: "It appears that amounts improperly requested by the pre-Receivership Dream Center Entities and then advanced by the United States Department of Education were not remitted to students, either before the submission of the request for payment (as was required), or after the money was received by the pre-Receivership Dream Center Entity. **It also appears that when the funding was received by the pre-receivership Dream Center Entities, it was used to pay their operating expenses.**" [Attached as **Exhibit D** is a true and correct copy of a filing submitted by the receiver to the Court in the Northern District of Ohio, which I received and reviewed in my capacity as Deputy Bureau Chief.] This suggests that Argosy was not able to pay its operating expenses due within 30 days without having to use USDOE funds that were provided for student distribution, and is not financially sound.

i. On or about February 19, 2019, the Bureau spoke to several California students of Argosy University, located in San Francisco. Those students expressed that they are facing financial hardship and possible eviction of residence and/or repossession of property because they have not received their Title IV, HEA stipends from Argosy. Within the last month, the Bureau has had difficulty in obtaining requested student rosters from Argosy administrators.

8. With the USDOE's February 27, 2019 decision to terminate Argosy's participation in Title IV student financial aid programs affecting all California Argosy schools, and based on a review of the reasons related to that decision and other independent evidence gathered by the Bureau as noted above, the Bureau believes there is an immediate danger to the public health, safety, or welfare that requires immediate action to protect students, prevent misrepresentations to the public, or prevent the loss of public funds or monies paid by students. The evidence suggests that California students have already been harmed, that Argosy is not financially sound, and is not in compliance with the Bureau's minimum operating standards with respect to financial stability and administrative capabilities, and that Argosy is at substantial risk of closing. The Bureau believes that Argosy should not be enrolling new students or accepting tuition or fees from current students under these circumstances.

I declare under penalty of perjury under the laws of the State of California that the above statements are true and correct of my personal knowledge.

Executed this 4th day of March, 2019 at Sacramento, California.



LEEZA RIFREDI

EXHIBIT A



BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY • GAVIN NEWSOM, GOVERNOR
DEPARTMENT OF CONSUMER AFFAIRS • BUREAU FOR PRIVATE POSTSECONDARY EDUCATION
2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833
P (916) 431-6959 | Toll-Free (888) 370-7589 | www.bppe.ca.gov



CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

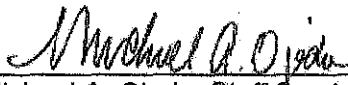
Institution: **Argosy University - Orange County**
Site Type: **MAIN**
School code: **3013761**
Institution Code: **3013761**
School Physical Location: **3601 West Sunflower Avenue, Santa Ana, CA 92704**
Institution Mailing Address: **3601 West Sunflower Avenue, Santa Ana, CA 92704**
Previous Location: **601 South Lewis Street, Orange, CA 92868 (9/29/2009 – 12/5/2018)**
Owner(s): **Dream Center Education Holdings, LLC 100%**
Full Approval Issued: **8/29/2000**
Full Approval Expiration: **12/31/2011**
Accredited Institution Approval: **8/18/2014**
Accredited Institution Approval Expiration: **6/30/2019**
Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**
School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached</i>				

From July 1, 2007 through December 31, 2009, there was no regulatory body with oversight of private postsecondary schools because of changes in California law.

As Staff Services Analyst for the Bureau for Private Postsecondary Education, I certify that Bureau records indicate above to be true and correct.

Certified on February 28, 2019:


Michael A. Ojeda, Staff Services Analyst



Complete Program List For Institution Code # 3013761

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
51830	AAS Accounting Technology	Degree	11/28/2005	08/18/2014
51829	AAS Business Management	Degree	11/28/2005	08/18/2014
51831	AAS Computer Programming & Applications	Degree	11/28/2005	12/19/2006
51832	AAS Computer Software Technology	Degree	11/28/2005	12/09/2006
51833	AAS Criminal Justice	Degree	11/28/2005	08/18/2014
51837	AAS Paralegal	Degree	11/28/2005	08/18/2014
71346	Advanced Professional Graduate Business Certificate in Accounting	Non-Degree	08/18/2014	
103466	Advanced Professional Graduate Business Certificate in International Business	Non-Degree	07/27/2016	
103467	Advanced Professional Graduate Business Certificate in Management	Non-Degree	07/27/2016	
103468	Advanced Professional Graduate Business Certificate in Marketing	Non-Degree	07/27/2016	
71253	Associate in Advertising	Degree	08/18/2014	
71254	Associate in Audio Production	Degree	08/18/2014	
71256	Associate in Baking & Pastry	Degree	08/18/2014	

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
73106	Associate in Business Administration	Degree	08/18/2014	
71264	Associate in Criminal Justice	Degree	08/18/2014	
71266	Associate in Culinary Arts	Degree	08/18/2014	
71271	Associate in Dental Hygiene	Degree	08/18/2014	
71273	Associate in Diagnostic Medical Sonography	Degree	08/18/2014	08/18/2014
51834	Associate in Diagnostic Medical Sonography	Degree	05/05/2006	
71278	Associate in Digital Photography	Degree	08/18/2014	
71284	Associate in Fashion Design	Degree	08/18/2014	
71285	Associate in Fashion Marketing	Degree	08/18/2014	
71292	Associate in Graphic Design	Degree	08/18/2014	
51835	Associate in Histotechnology	Degree	05/05/2006	
71304	Associate in Information Technology	Degree	08/18/2014	
51836	Associate in Medical Assisting	Degree	11/28/2005	
51838	Associate in Medical Laboratory Technology	Degree	05/05/2006	
71324	Associate in Psychology	Degree	08/18/2014	
71327	Associate in Radiation Therapy	Degree	08/18/2014	
71328	Associate in Radiologic Technology	Degree	08/18/2014	

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
71340	Associate in Veterinary Technology	Degree	08/18/2014	
71341	Associate in Video Production	Degree	08/18/2014	
71345	Associate in Web Design & Interactive Media	Degree	08/18/2014	
71314	Bachelor in Liberal Arts	Degree	08/18/2014	
79810	Bachelor of Fine Arts in Professional Writing for Creative Arts	Degree	04/24/2015	
79809	Bachelor of Science in Instructional Technology & Design	Degree	04/24/2015	
79811	Bachelor of Science in Marketing & Entertainment Management	Degree	04/24/2015	
79812	Bachelor of Science in Software Development for Creative Technologies	Degree	04/24/2015	
71252	Bachelors in Advertising	Degree	08/18/2014	
71255	Bachelors in Audio Production	Degree	08/18/2014	
6951	Bachelors in Business Administration	Degree	01/04/2002	
71265	Bachelors in Criminal Justice	Degree	08/18/2014	
104016	Bachelors in Culinary Arts & Hospitality Management	Degree	01/23/2017	06/29/2017
71267	Bachelors in Culinary Management	Degree	08/18/2014	
71272	Bachelors in Design & Technical Graphics	Degree	08/18/2014	07/27/2017
104259	Bachelors in Digital Arts	Degree	08/18/2014	06/29/2017
71274	Bachelors in Digital Cinema & Video Production	Degree	08/18/2014	

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
71276	Bachelors in Digital Filmmaking & Video Production	Degree	08/18/2014	08/18/2014
71275	Bachelors in Digital Filmmaking & Video Production	Degree	08/18/2014	
71277	Bachelors in Digital Photography	Degree	08/18/2014	
71283	Bachelors in Fashion Design	Degree	08/18/2014	
104017	Bachelors in Fashion Design & Technology	Degree	01/23/2017	06/29/2017
104014	Bachelors in Fashion Marketing & Management	Degree	08/18/2014	
71287	Bachelors in Fashion Retail Management	Degree	08/18/2014	07/27/2017
71288	Bachelors in Game Art & Design	Degree	08/18/2014	
71289	Bachelors in Game Programming	Degree	08/18/2014	
71290	Bachelors in Graphic & Web Design	Degree	08/18/2014	
71291	Bachelors in Graphic Design	Degree	08/18/2014	
71299	Bachelors in Hospitality Food and Beverage Management	Degree	08/18/2014	
71302	Bachelors in Industrial Design	Degree	08/18/2014	
71305	Bachelors in Information Technology	Degree	08/18/2014	
71312	Bachelors in Interior Design	Degree	08/18/2014	
104015	Bachelors in Marketing & Management for Creative Arts	Degree	01/23/2017	06/29/2017
71286	Bachelors in Marketing & Manangement for Creative Arts	Degree	08/18/2014	01/18/2017

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
71317	Bachelors in Media Arts & Animation	Degree	08/18/2014	
71318	Bachelors in Medical Technology	Degree	08/18/2014	
71321	Bachelors in Nursing	Degree	08/18/2014	
6944	Bachelors in Psychology	Degree	03/29/2001	
71334	Bachelors in Set & Exhibit Design	Degree	08/18/2014	
71342	Bachelors in Visual & Game Programming	Degree	08/18/2014	
71343	Bachelors in Visual Effects & Motion Graphics	Degree	08/18/2014	
71344	Bachelors in Web Design & Interactive Media	Degree	08/18/2014	
48585	BS Business Administration w/concentration in Finance	Degree	07/06/2005	08/18/2014
48584	BS Business Administration w/concentration in International Business	Degree	07/06/2005	08/18/2014
48586	BS Business Administration w/concentration in Marketing	Degree	07/06/2005	08/18/2014
6946	BS BUSINESS MANAGEMENT	Degree		06/12/2003
6952	BS in E-Business	Degree	01/04/2002	08/18/2014
6945	BS Organizational Management	Degree	08/07/2001	08/18/2014
105687	Certificate in Addictions Counseling	Non-Degree	04/17/2018	
71349	Certificate in Marriage & Family Therapy	Non-Degree	08/18/2014	
73110	Competency-based Bachelors of Business Administration	Degree	08/18/2014	07/27/2017

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
71260	Competency-based Master of Business Administration	Degree	08/18/2014	
71352	Diploma in Art of Cooking	Non-Degree	08/18/2014	
71353	Diploma in Baking & Pastry	Non-Degree	08/18/2014	
71354	Diploma in Digital Image Management	Non-Degree	08/18/2014	
71355	Diploma in Fashion Retailing	Non-Degree	08/18/2014	
71356	Diploma in Web Design & Interactive Communications	Non-Degree	08/18/2014	
48108	Doctor of Education in Community College Executive Leadership	Degree	06/15/2005	08/18/2014
48084	Doctor of Education in Counseling Psychology	Degree	08/07/2001	08/18/2014
48083	Doctor of Education in Education Leadership	Degree	08/07/2001	08/18/2014
53605	Doctor of Education in Education Supervision	Degree	05/17/2007	08/18/2014
6950	Doctor of Education in Instructional Leadership	Degree	08/07/2001	08/18/2014
71259	Doctorate in Community College Executive Leadership	Degree	08/18/2014	07/27/2017
71351	Extended Fundamentals of Management	Non-Degree	08/18/2014	
71350	Fundamentals of Management	Non-Degree	08/18/2014	
71348	Graduate Certificate in Client-Centered and Experiential Psychotherapies	Non-Degree	08/18/2014	
53604	Information Systems Management Professional Graduate Business Certificate	Non-Degree	02/08/2006	08/18/2014
6956	M.A.Ed. Curriculum & Instruction-Multiple Subject Teacher Credential Preparation w/BCLAD	Degree	12/20/2001	08/18/2014

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
6955	M.A.Ed. Curriculum & Instruction-Multiple Subject Teacher Credential Preparation w/CLAD	Degree	12/20/2001	08/18/2014
6954	M.A.Ed. Curriculum & Instruction-Single Subject Teacher Credential Preparation w/BCLAD	Degree	12/20/2001	08/18/2014
6953	M.A.Ed. Curriculum & Instruction-Single Subject Teacher Credential Preparation w/CLAD	Degree	12/20/2001	08/18/2014
102191	Master of Business Administration - 30 Credits	Degree	05/09/2016	
6947	Master of Business Administration - 36 Credits	Degree	08/07/2001	
73108	Master of Law in Compliance	Degree	08/18/2014	07/27/2017
71249	Masters in Adult Education and Training	Degree	08/18/2014	07/27/2017
71251	Masters in Advanced Educational Administration (EdS)	Degree	08/18/2014	
71257	Masters in Clinical Mental Health Counseling - 60 Credits	Degree	08/18/2014	
104004	Masters in Clinical Mental Health Counseling - 63 Credits	Degree	01/17/2017	
6941	Masters in Clinical Psychology	Degree	08/07/2001	
71258	Masters in Community Counseling	Degree	08/18/2014	
71261	Masters in Computer Animation	Degree	08/18/2014	
6943	Masters in Counseling Psychology	Degree	08/07/2001	
71269	Masters in Curriculum and Instruction	Degree	08/18/2014	
71270	Masters in Curriculum and Instruction (EdS)	Degree	08/18/2014	
73109	Masters in Design & Media Management	Degree	08/18/2014	07/27/2017

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
48086	Masters in Education Leadership (EdS)	Degree	08/07/2001	
71279	Masters in Educational Administration	Degree	08/18/2014	
105407	Masters in Educational Administration	Degree	08/18/2014	
71281	Masters in Educational Leadership	Degree	08/18/2014	
71282	Masters in Educational Psychology	Degree	08/18/2014	
51839	Masters in Forensic Psychology	Degree	09/05/2006	
71293	Masters in Health Services Management	Degree	08/18/2014	
71294	Masters in Higher and Postsecondary Administration	Degree	08/18/2014	
71297	Masters in Higher and Postsecondary Education	Degree	08/18/2014	
71298	Masters in Higher and Postsecondary Education (EdS)	Degree	08/18/2014	
71300	Masters in Human Resource Management	Degree	08/18/2014	
71301	Masters in Human Services	Degree	08/18/2014	
71303	Masters in Industrial Organizational Psychology	Degree	08/18/2014	
105408	Masters in Industrial Organizational Psychology	Degree	08/18/2014	
71307	Masters in Initial Educational Administration (EdS)	Degree	08/18/2014	
71308	Masters in Instructional Leadership	Degree	08/18/2014	
71310	Masters in Instructional Leadership (EdS)	Degree	08/18/2014	

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
71311	Masters in Instructional Leadership/Teacher Preparation	Degree	08/18/2014	
51840	Masters in Management	Degree	11/08/2006	
105409	Masters in Management	Degree	08/18/2014	
71315	Masters in Marriage and Family Therapy	Degree	08/18/2014	
71319	Masters in Mental Health Counseling	Degree	08/18/2014	
105404	Masters in Mental Health Counseling	Degree	08/18/2014	
71320	Masters in Nonprofit Management	Degree	08/18/2014	
73107	Masters in Organizational Leadership	Degree	08/18/2014	
71325	Masters in Psychopharmacology	Degree	08/18/2014	
51982	Masters in Public Administration	Degree	11/15/2006	
71326	Masters in Public Health	Degree	08/18/2014	
71329	Masters in School Counseling	Degree	08/18/2014	
71330	Masters in School Counseling (EdS)	Degree	08/18/2014	07/27/2017
71331	Masters in School Psychology	Degree	08/18/2014	
71333	Masters in School Psychology (EdS)	Degree	08/18/2014	
71335	Masters in Sport-Exercise Psychology	Degree	08/18/2014	
105410	Masters in Sport-Exercise Psychology	Degree	08/18/2014	

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
71337	Masters in Teacher Leadership (EdS)	Degree	08/18/2014	07/27/2017
6948	Masters in Teaching and Learning	Degree	08/07/2001	
71339	Masters in Teaching and Learning (EdS)	Degree	08/18/2014	
71347	Postgraduate Certificate in Forensic Psychology	Non-Degree	08/18/2014	
71250	Professional Doctorate in Advanced Educational Administration	Degree	08/18/2014	
6949	Professional Doctorate in Business Administration	Degree	08/07/2001	
6942	Professional Doctorate in Clinical Psychology	Degree	08/07/2001	
105406	Professional Doctorate in Counseling Psychology	Degree	08/18/2014	
105405	Professional Doctorate in Counseling Psychology	Degree	08/18/2014	
71262	Professional Doctorate in Counseling Psychology	Degree	08/18/2014	
71263	Professional Doctorate in Counselor Education and Supervision	Degree	08/18/2014	
71268	Professional Doctorate in Curriculum and Instruction	Degree	08/18/2014	
71280	Professional Doctorate in Educational Leadership	Degree	08/18/2014	
71295	Professional Doctorate in Higher and Postsecondary Administration	Degree	08/18/2014	
71296	Professional Doctorate in Higher and Postsecondary Education	Degree	08/18/2014	
71306	Professional Doctorate in Initial Educational Administration	Degree	08/18/2014	
71309	Professional Doctorate in Instructional Leadership	Degree	08/18/2014	

<u>Program ID</u>	<u>Program Title</u>	<u>Program Type</u>	<u>Approved On</u>	<u>Discontinued On</u>
71313	Professional Doctorate in Juris Doctor	Degree	08/18/2014	12/16/2014
71316	Professional Doctorate in Marriage and Family Therapy	Degree	08/18/2014	
71322	Professional Doctorate in Organizational Leadership	Degree	08/18/2014	
48085	Professional Doctorate in Organizational Leadership	Degree	08/07/2001	
71323	Professional Doctorate in Pastoral Community Counseling	Degree	08/18/2014	
71332	Professional Doctorate in School Psychology	Degree	08/18/2014	
71336	Professional Doctorate in Teacher Leadership	Degree	08/18/2014	07/27/2017
71338	Professional Doctorate in Teaching and Learning	Degree	08/18/2014	
51983	Professional Graduate Certificate in Public Administration	Non-Degree	11/15/2006	08/18/2014



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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Argosy University - San Francisco Bay Area**
 Site Type: **Branch**
 School code: **91554422**
 Institution Code: **3013761**
 School Physical Location: **1005 Atlantic Avenue, Alameda, CA 94501**
 Institution Mailing Address: **1005 Atlantic Avenue, Alameda, CA 94501**
 Previous Location: **N/A**
 Owner(s): **Dream Center Education Holdings, LLC 100%**
 Branch Approval Issued: **8/15/2014**
 Branch Approval Expiration: **6/30/2019**
 Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**
 School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached to Main Location (Orange County)</i>				

From July 1, 2007 through December 31, 2009, there was no regulatory body with oversight of private postsecondary schools because of changes in California law.

As Staff Services Analyst for the Bureau for Private Postsecondary Education, I certify that Bureau records indicate above to be true and correct.

Certified on February 28, 2019: *Michael A. Ojeda*
 Michael A. Ojeda, Staff Services Analyst



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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Western State College of Law at Argosy University**
Site Type: **Branch**
School code: **71847809**
Institution Code: **3013761**
School Physical Location: **1 Banting, Irvine, CA 92618-3601**
Institution Mailing Address: **601 South Lewis Street, Orange, CA 92868**
Previous Location: **N/A**
Owner(s): **Dream Center Education Holdings, LLC 100%**
Branch Approval Issued: **8/15/2014**
Branch Approval Expiration: **6/30/2019**
Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**
School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached to Main Location (Orange County)</i>				

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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Argosy University - Los Angeles**
 Site Type: **Branch**
 School code: **93794466**
 Institution Code: **3013761**
 School Physical Location: **5230 Pacific Concourse Drive, Suite 200, Los Angeles, CA 90045**
 Institution Mailing Address: **5230 Pacific Concourse Drive, Suite 200, Los Angeles, CA 90045**
 Previous Location: **N/A**
 Owner(s): **Dream Center Education Holdings, LLC 100%**
 Branch Approval Issued: **8/15/2014**
 Branch Approval Expiration: **6/30/2019**
 Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**
 School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached to Main Location (Orange County)</i>				

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 Michael A. Ojeda, Staff Services Analyst



CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Art Institute of California, The - Hollywood**

Site Type: **Branch**

School code: **1921201**

Institution Code: **3013761**

School Physical Location: **5250 Lankershim Boulevard, North Hollywood, CA 91601**

Institution Mailing Address: **5250 Lankershim Boulevard, North Hollywood, CA 91601**

Previous Location: **5280 Lankershim Boulevard, North Hollywood, CA 91601 (5/8/09 – 11/30/09)**

Owner(s): **Dream Center Education Holdings, LLC 100%**

Branch Approval Issued: **Not listed in database**

Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**

School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached to Main Location (Orange County)</i>				

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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Art Institute of California, The - San Diego**

Site Type: **Branch**

School code: **3704151**

Institution Code: **3013761**

School Physical Location: **7650 Mission Valley Road, San Diego, CA 92108**

Institution Mailing Address: **7650 Mission Valley Road, San Diego, CA 92108**

Previous Location: **N/A**

Owner(s): **Dream Center Education Holdings, LLC 100%**

Branch Approval Issued: **Not listed in database**

Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**


School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached to Main Location (Orange County)</i>				

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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Art Institute of California, The - Hollywood**
 Site Type: **Satellite**
 School code: **15594987**
 Institution Code: **3013761**
 School Physical Location: **11128 Magnolia Avenue, North Hollywood, CA 91601**
 Institution Mailing Address: **3601 West Sunflower Avenue, Santa Ana, CA 92704**
 Previous Location: **N/A**
 Owner(s): **Dream Center Education Holdings, LLC 100%**
 Satellite Approval Issued: **9/4/2014**
 Institutional Approval Expiration: **6/30/2017**
 Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**
 School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached to Main Location (Orange County)</i>				

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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Art Institute of California, The - Inland Empire**
 Site Type: **Satellite**
 School code: **66099626**
 Institution Code: **3013761**
 School Physical Location: **630 East Brier Drive, San Bernardino, CA 92408**
 Institution Mailing Address: **3601 West Sunflower Avenue, Santa Ana, CA 92704**
 Previous Location: **N/A**
 Owner(s): **Dream Center Education Holdings, LLC 100%**
 Satellite Approval Issued: **7/27/2017**
 Institutional Approval Expiration: **6/30/2017**
 Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**
 School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
<i>Program List Attached to Main Location (Orange County)</i>				

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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Art Institute of California, The - San Diego**

Site Type: **Satellite**

School code: **18507333**

Institution Code: **3013761**

School Physical Location: **7675 Mission Valley Road, San Diego, CA 92108**

Institution Mailing Address: **3601 West Sunflower Avenue, Santa Ana, CA 92704**

Previous Location: **N/A**

Owner(s): **Dream Center Education Holdings, LLC 100%**

Satellite Approval Issued: **7/27/2017**

Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**

School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
Program List Attached to Main Location (Orange County)				

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CERTIFICATION OF INSTITUTIONAL AND PROGRAM APPROVALS

Date: February 28, 2019

Institution: **Argosy University - Military Coast Guard**

Site Type: **Satellite**

School code: **72482309**

Institution Code: **3013761**

School Physical Location: **1001 South Seaside Avenue, Building 3, San Pedro, CA 90731**

Institution Mailing Address: **3601 West Sunflower Avenue, Santa Ana, CA 92704**

Previous Location: **N/A**

Owner(s): **Dream Center Education Holdings, LLC 100%**

Satellite Approval Issued: **8/15/2014**

Accrediting Body/Agency: **WASC – Accrediting Commission for Senior Colleges and Schools**

School Status: **Active**

Approved Programs:	Program Type:	Program Length: (Hours of Lesson or # of Units)	Approval Date:	Discontinued Date:
Program List Attached to Main Location (Orange County)				

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Michael A. Ojeda, Staff Services Analyst

EXHIBIT B

OFFICE OF POSTSECONDARY EDUCATION U.S. DEPARTMENT OF EDUCATION

DAPIP: Argosy University

📍 333 City Boulevard West, Suite 1810, Orange, CA 92868

☎ (800) 377-0617

🌐 www.argosy.edu

DAPIP ID: 221944

OPE ID: 02179900

IPEDS Unit ID: 436438

Institutional Accreditation

— Accreditor - Higher Learning Commission

Accredited (06/25/2009 - 09/30/2011)

Action and Date	Justification for Action	Documentation
-----------------	--------------------------	---------------

Loss of Accreditation or Preaccreditation: Voluntary Withdrawal 09/30/2011

— Accreditor - WASC Senior College and University Commission

Accredited since
(09/30/2011)

Next Review Date
(02/22/2019)

Action and Date	Justification for Action	Documentation
-----------------	--------------------------	---------------

Grant Substantive Change: Ownership 06/29/2018

Is in compliance with all of the agency's accreditation standards

Probation or Equivalent or a More Severe Status: Show Cause 01/18/2019

Significantly out of compliance - fiscal and administrative capacity

Programmatic Accreditation

Accreditor - American Psychological Association, Commission on Accreditation

Program

Clinical Psychology (CLPSYD) - PsyD Doctoral programs

Accredited since (05/06/2008)

Next Review Date TBD

Internship/Residency

No internship/residency accreditation records found for the given institution

Additional Locations

Location Name (OPE ID)	Type	DAPIP ID	Address	City
Argosy University - Atlanta Campus (02179902)	Additional Location	221944004	980 Hammond Drive, Suite 100	Atlan
Argosy University - Camp Williams	Additional Location	221944047	17800 Camp Williams Road	Rive
Argosy University - Castle Rock	Additional Location	221944039	620 Wilcox Street	Cast
Argosy University - Chandler	Additional Location	221944031	1255 S Spectrum Blvd	Char
Argosy University - Chicago Campus (02179936)	Additional Location	221944021	225 N. Michigan Avenue Suite 1300	Chic
Argosy University - Clay National mrd Center	Additional Location	221944041	1000 Halsey Avenue	Mari
Argosy University - Coast Guard Sector San Diego	Additional Location	221944036	2710 North Harbor Drive	San
Argosy University - Dallas Campus (02179919)	Additional Location	221944002	5001 Lyndon B. Johnson Fwy	Dalla
Argosy University - Denver Campus (02179930)	Additional Location	221944005	7600 E. Eastman Ave	Den
Argosy University - District 11 Colorado Springs	Additional Location	221944035	2560 International Circle	Colo Sprin
Argosy University - Douglas County Education Administration	Additional Location	221944038	405 Dad Clark Drive	High Ranc
Argosy University - Eastside Hospital	Additional Location	221944042	1700 Medical Way	Snel
Argosy University - Filipino Community Center	Additional Location	221944045	94-428 Mokuola Street Suite 302	Waip
Argosy University - Hawaii Campus (02179905)	Additional Location	221944006	400 ASB Tower, 1001 Bishop Street	Hon
Argosy University - Hilo	Additional Location	221944043	1266 Kamehameha Highway Suite A-7	Hilo
Argosy University - Inland Empire Campus (02179932)	Additional Location	221944010	3401 Centrelake Drive Suite 200	Onta

Location Name (OPE ID)	Type	DAPIP ID	Address	City
Argosy University - Los Angeles Campus (02179928)	Additional Location	221944007	5230 Pacific Concourse Suite 200	Los Angeles
Argosy University - Loveland	Additional Location	221944037	800 S. Taft Avenue	Loveland
Argosy University - Military Coast Guard	Additional Location	221944034	1001 S. Seaside Ave. Building 3	San Diego
Argosy University - Nashville Campus (02179914)	Additional Location	221944008	100 Centerview Dr, Suite 225	Nashville
Argosy University - Orange County	Additional Location	221944033	601 South Lewis Street	Orange
Argosy University - Phoenix Campus (02179907)	Additional Location	221944011	2233 West Dunlap Avenue	Phoenix
Argosy University - Salt Lake City Campus (02179935)	Additional Location	221944012	121 Election Rd., Suite 300	Draper
Argosy University - Salt Lake City Campus American Express	Additional Location	221944046	4315 South 2700 West	Salt Lake City
Argosy University - San Diego Campus (02179929)	Additional Location	221944013	1615 Murray Canyon Road, Suite 100	San Diego
Argosy University - San Francisco Bay Area Campus (02179908)	Additional Location	221944014	1005 Atlantic Avenue	Alameda
Argosy University - Sarasota Campus (02179918)	Additional Location	221944015	5250 17th St	Sarasota
Argosy University - Schaumburg (02179921)	Additional Location	221944016	1000 North Plaza Drive, Suite 324 and Suite 300	Schaumburg
Argosy University - Seattle Campus (02179913)	Additional Location	221944017	2601-A Elliott Avenue	Seattle
Argosy University - Tampa Campus (02179909)	Additional Location	221944018	1403 North Howard Avenue	Tampa
Argosy University - The Medical Center of Aurora	Additional Location	221944040	700 Potomac Street	Aurora
Argosy University - Twin Cities Campus (02179901)	Additional Location	221944019	1515 Central Parkway	Eagan
Argosy University - Utah Air National Guard Base	Additional Location	221944048	765 North 2200 West	Salt Lake City
Argosy University - Wailuku	Additional Location	221944044	270 Hookahi Suite 309	Wailuku

Location Name (OPE ID)	Type	DAPIP ID	Address	City
Argosy University - Washington DC Campus (02179903)	Additional Location	221944020	1550 Wilson Boulevard, Suite 600	Arlin
Argosy University - Western State College of Law	Additional Location	221944032	1 Bantling Drive	Irvin
Florida School of Professional Psychology at Argosy University	Additional Location	221944029	1403 North Howard Avenue	Tam
The Art Institute of California - Hollywood (02179938)	Additional Location	221944022	5250 Lankershim Boulevard	North Holly
The Art Institute of California - Inland Empire (02179948)	Additional Location	221944030	630 East Brier Drive	San Bern
The Art Institute of California - Los Angeles (02179941)	Additional Location	221944027	2900 31st St	Sant Mon
The Art Institute of California - Orange County (02179944)	Additional Location	221944024	3601 W Sunflower Ave	Sant
The Art Institute of California - Sacramento (02179945)	Additional Location	221944025	2850 Gateway Oaks Drive Suite 100	Sacr
The Art Institute of California - San Diego (02179947)	Additional Location	221944023	7650 Mission Valley Road	San
The Art Institute of California - San Francisco (02179943)	Additional Location	221944026	1170 Market St	San Fran
The Art Institute of California - Silicon Valley (02179939)	Additional Location	221944028	1120 Kifer Rd	Silicon Valle

Name/Address History

Change Date

Detail

Name Change

N/A Argosy University - Orange County Campus

Address Change

N/A 3501 West Sunflower Avenue, Suite 110, Santa Ana, CA 92704

N/A 601 South Lewis Street, Orange, CA 92868-4844



Department of Consumer Affairs

Bureau for Private Postsecondary Education

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BPPE Annual Report for 2016 - Institution

Tracking Number: 2017111680421

Report for Year: 2016

Institution Name: Argosy University - Orange County

Institution Code (If an institution has branch locations the institution code is the school code for the main location): 3013761

Street Address (Physical Location): 601 South Lewis Street

City: Orange

State: California

Zip Code: 92868

Check all that apply to this institution:

For profit institution:

Sole Proprietor:

Corporation:

Non-profit institution: Non-profit institution

Limited Liability Corporation (LLC): Limited Liability Corporation (LLC)

Publicly traded institution:

Partnership:**Number of Branch Locations:** 13**Number of Satellite Locations:** 6**Is this institution current with all assessments to the Student Tuition Recovery Fund?:** yes**Is this institution current on Annual Fees?:** yes**Is your institution accredited by an accrediting agency/agencies recognized by the United States Department of Education? Include only full institutional approval, not programmatic approval:** yes
If you answered yes to the question above, please identify the accrediting agency: Western Association of Schools and Colleges
Accrediting Commission for Senior Colleges and Universities**If your institution has specialized accreditation from a recognized United States Department of Education approved specialized/programmatic accreditor, list the accreditation:** Council for Interior Design, ACF, Commission on Accrediting of the APA, ABA, Accrediting Council for Business Schools & Programs, NCATE**Has any accreditation agency taken any formal disciplinary action against this institution? If Yes, please submit a paper copy of the action, refer to the Annual Report Completion Check Sheet.:** no**Does your institution participate in federal financial aid programs under Title IV of the Federal Higher Education Act?:** yes**What is the total amount of Title IV funds received by your institution in 2016?:** 132173454**Does your institution participate in veteran's financial aid education programs?:** yes**What is the total amount of veteran's financial aid funds received by your institution in 2016?:** 27263919**Does your institution participate in the Cal Grant program?:** yes**What is the total amount of Cal Grant funds received by your institution in 2015?:** 665919

Is your institution on the California Eligible Training Provider List (ETPL)?: no

Is your institution receiving funds from the Work Innovation and Opportunity Act (WIOA) Program?: no

What is the total amount of WIOA funds received by your institution in 2016?: 0

Does your institution participate in, or offer any another government or non-governmental financial aid programs? yes

If yes, please indicate the name of the financial aid program:

Americorps, Vocational rehabilitation, institutional scholarships, education finance loan, private loans, tuition benefits, institutional aid, veterans benefits, scholarships, state grants

The percentage of institutional income in 2016 that was derived from public funding: 14

Enter the most recent three-year Cohort Default Rate reported by the US Department of Education, for this institution: 15

The percentage of students who in 2016 received federal student loans to help pay their cost of education at the school was: 83

Total number of students enrolled at this institution: 12942

Number of Doctorate Degrees programs Offered: 16

Number of Students enrolled in Doctorate level programs at this Institution: 703

Number of Master Degrees programs Offered: 42

Number of Students enrolled in Master level programs at this institution: 817

Number of Bachelor Degrees programs Offered: 31

Number of Students enrolled in Bachelor level programs at this institution: 8166

Number of Associate Degrees programs Offered: 22

Number of Students enrolled in Associate level programs at this institution: 2974

Number of Diploma or Certificate Programs Offered: 14

Number of Students enrolled in Diploma or Certificate programs at this institution: 282

Institution's website: <https://www.argosy.edu/>;
<https://www.artinstitutes.edu/>; <https://www.wsulaw.edu/>

Performance Fact Sheet: <https://www.argosy.edu/locations/los-angeles-orange-county/student-consumer-information#performance-fact-sheet> (or scroll to bottom of homepage) (same for all campuses - scroll to bottom of home page)

2016 Catalog: <https://www.argosy.edu/admissions/academic-catalog>;
<https://www.artinstitutes.edu/academic-catalog>; <https://www.wsulaw.edu>
(scroll to bottom) (at bottom of every campus homepage)

Annual Report: <http://content.argosy.edu/assets/pdf/AU/Sci/annual-report/bppe-annual-report.pdf> (or scroll to bottom of homepage) (at bottom of every campus homepage)

EXHIBIT C



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,



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	14-17 Days	18-21 Days	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	14-17 Days	18-21 Days	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-Receivership 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.

Yours very truly

A handwritten signature in black ink, appearing to read "Mark E. Dottore". The signature is written in a cursive style with a large initial "M".

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

Table of Receipts
Cash Flow by Day
1/1/2019 - 2/5/2019

OPEND	Entity	1/2/2019	1/3/2019	1/7/2019	1/10/2019	1/15/2019	1/15/2019	1/28/2019	1/29/2019	1/30/2019	2/6/2019	Total
At Atlanta	AR	\$ 233,951	\$ -	\$ -	\$ -	\$ 3,115,241	\$ -	\$ 610,178	\$ -	\$ -	\$ -	\$ 4,159,362
At Portland	AI DCEH	\$ -	\$ 35,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,755
At Seattle	AI DCEH	\$ 1,008	\$ -	\$ 544,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,929	\$ 574,187
At Pittsburgh	AI DCEH	\$ 1,143,182	\$ -	\$ -	\$ -	\$ 2,362,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,505,463
At Philadelphia	AI DCEH	\$ 17,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,377
At Colorado	AI DCEH	\$ -	\$ 2,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,329
At Houston	AR	\$ 45,437	\$ -	\$ -	\$ -	\$ 3,718,337	\$ -	\$ 494,479	\$ 365,824	\$ -	\$ -	\$ 4,624,077
Argosy Orange County	AU DCEH	\$ 869,097	\$ 38,372	\$ -	\$ -	\$ 3,723,500	\$ 5,519,912	\$ -	\$ -	\$ 2,824,880	\$ -	\$ 12,955,761
At Fort Lauderdale	AI DCEH	\$ -	\$ 36,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,136
At Phoenix/Las Vegas	AI DCEH	\$ 32,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,786
At Miami	All	\$ 89,303	\$ -	\$ -	\$ -	\$ 2,584,628	\$ 152,257	\$ -	\$ 874,068	\$ -	\$ -	\$ 3,710,240
At Chicago	AI DCEH	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000
South Savannah	South	\$ 1,651,050	\$ -	\$ -	\$ -	\$ 9,504,835	\$ -	\$ 10,114,468	\$ -	\$ -	\$ -	\$ 21,269,853

Total Receipts

Entity	Receipts
All	\$ 12,495,679
AI DCEH	\$ 4,212,027
AU DCEH	\$ 12,955,761
South	\$ 21,269,853
Total	\$ 50,533,320

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)	
D2L	\$ (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	\$ 11,300,000	\$ 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

EXHIBIT D

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

DIGITAL MEDIA SOLUTIONS, LLC,)	CASE NO. 1:19-cv-145
)	
Plaintiff,)	JUDGE DAN AARON POLSTER
)	
v.)	MAGISTRATE JUDGE
)	THOMAS M. PARKER
SOUTH UNIVERSITY OF OHIO,)	
LLC, <i>et. al.</i> ,)	
)	
Defendants.)	

REVISED AND AMENDED REPORT ON STUDENT STIPENDS

On February 19, 2019, Mark E. Dottore (the “Receiver”) the duly appointed Receiver of Argosy Education Group LLC (“Argosy”), Dream Center Education Holdings, LLC (“DCEH”) and various other universities that were previously part of Dream Center South University LLC (“South”), and Art Institutes International LLC (“AII” and together with Argosy, DCEH and South, the “Dream Entities”), filed a Report on Student Stipends (the “Report”) at the Court’s request. After the Report was filed, the Receiver was troubled by persistent rumors about the situation and conducted a fresh and more thorough investigation. As a result of this investigation it has come to the Receiver’s attention that there may be irregularities in the method and manner used by some or all of the pre-Receivership Dream Center Entities to request Title IV funding, in particular with respect to draw downs of accelerated student funding (“Student Stipends”). It appears that amounts improperly requested by the pre-Receivership Dream Center Entities and

then advanced by the United States Department of Education were not remitted to students, either before the submission of the request for payment (as was required), or after the money was received by the pre-Receivership Dream Center Entity. It also appears that when the funding was received by the pre-receivership Dream Center Entities, it was used to pay their operating expenses.

The Receiver is in the preliminary stages of a detailed, forensic investigation and will pursue other and further information about the particulars of the advances of Student Stipend money, including the exact methods used to trigger the advancement of these funds, the exact amount of the funds advanced and not paid over to students, and the persons involved in the procurement and uses of the Student Stipend funding.

Date: February 22, 2019

WHITMER & EHRMAN LLC

/s/ Mary K. Whitmer
Mary K. Whitmer (0018213)
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Cleveland, OH 44113
Telephone: (216) 771-5056
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Attorney for the Receiver

CERTIFICATE OF SERVICE

In accordance with Section 1.4 of the Electronic Filing and Procedures Manual of the Northern District of Ohio and Federal Rule of Civil Procedure 5(b)(2)(E), a copy of the foregoing has been served through the Court's filing system on all counsel of record on February 22, 2019.

/s/ Mary K. Whitmer

Mary K. Whitmer (0018213)