

ARIZONA STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION
1400 W. Washington Street, Conference Room B1
Phoenix, AZ 85007

January 28, 2016 Board Meeting Minutes

Members present: Jason Pistillo, Chair KC Miller, Vice Chair
Craig Jacob Dr. Hank Radda
David Walser

Also present: Teri Stanfill, Executive Director
Keith Blanchard, Deputy Director
KD, Licensing
John Tellier, Assistant Attorney General
Frankie Eckberg, Assistant Attorney General

I. Call to Order

Chairman Pistillo called the meeting of the Arizona State Board for Private Postsecondary Education to order at 10:00 a.m.

II. Board Meeting Minutes

A. October 29, 2015 Board Meeting Minutes: Mr. Jacob made the motion to approve the Minutes as submitted. Ms. Miller seconded the motion and the motion carried. Mr. Walser abstained.

B. January 12, 2016 Special Meeting Minutes: Ms. Miller made the motion to approve the Minutes as submitted. Mr. Jacob seconded the motion and the motion carried. Mr. Pistillo abstained.

III. Oral Proceedings: Opportunity for public comment regarding the Board's Notice of Proposed Rulemaking published 21 AAR 3117, December 11, 2015.

Mr. Pistillo stated that the Board has been working on the proposed rules since 2013 and solicited any additional comments from the public. No one offered any comments.

IV. University of Phoenix: Update on the recent inquiries/actions of the FTC, California Attorney General and the Department of Defense. Represented by Dan Litteral, Vice President for Regulatory Affairs.

Mr. Litteral addressed the Board and summarized his January 21, 2016 letter regarding the three inquiries. Mr. Litteral stated that on January 15, 2016, the Department of Defense removed the University from probationary status for the Tuition Assistance program as the University had taken the appropriate corrective action; the University will be subject to a heightened compliance review for a

one-year period. Mr. Litteral also stated that there have not been any allegations of wrongdoing made by the FTC or the California Attorney General.

V. Complaints:

A. Student Complaint #15-S006 Arizona Summit Law School

Institution: Nicole France Stanton, Atty. and Shirley Mays, Dean

Student: B.G.

Mr. Blanchard summarized the complaint. At its meeting on December 8, 2015, the Complaint Committee reviewed the complaint submitted by B.G. alleging Arizona Summit Law School ("ASLS") violated its attendance policy, had a flawed appeals process and he should not have been academically dismissed. The committee voted to dismiss all of the complaint allegations except for one remaining issue.

The committee requested a review by the State Board pertaining to a policy that ASLS was required to communicate in writing to a student when they are at their max absences (after five absences students are dropped from the class).

Dr. Radda described the Complaint Committees initial review of this matter. He explained that the published policy requires ASLS to communicate in writing to a student that has five absences. Mr. Walser asked a number of questions of B.G. and ASLS regarding B.G.'s knowledge of his absences. In the handbook, policy states ASLS will give written communication when a student reached five absences in a specific class. The State Board questioned the use of "Electronic Notice". ASLS states the written communication to make B.G. aware that he is over the allowable absences and would be withdrawn from school would have been through ASLS electronic student portal.

ASLS submitted B.G.'s attendance history showing a pattern of missing three to four classes for each class. Further it is stated in the footnote that the class in question "Contracts II", this was B.G.'s second attempt, after his first failure.

B.G. had stated he became aware of the five absences when he looked at the student portal, but never received any formal written notification.

Motion: After review and discussion, Ms. Miller made a motion to issue a Letter of Concern regarding failure to follow its published policy as stated in ARS § 32-3051 (14). Dr. Radda seconded the motion and the motion carried.

B. Non-Student Complaint #16-NS503 Brown Mackie College

Institution: Sheryl Elston, Campus President; Anna Selga, Dean and Roni Collazo, Director of Nursing

Mr. Blanchard summarized the complaint. At its meeting on December 8, 2015, the Complaint Committee reviewed the Memorandum for *Determination to Open a Complaint* regarding an Arizona State Board of Nursing Consent Agreement and Order. The Consent Agreement and Order was regarding the RN program, which was signed by Brown Mackie. The Order included a number of Nursing Act violations as stated by the Arizona State Board of Nursing.

Sheryl Elson, Campus President of Brown-Mackie College – Phoenix, submitted a letter of explanation regarding the current situation and included the positive ACICS visit regarding the Consent Agreement. She explained the reasoning behind the signing of the Nursing Board Consent Agreement and Order. The Board asked a number of questions regarding the current student enrollment and student out-comes.

Motion: After review and discussion, Dr. Radda made a motion to offer a Consent Agreement, including a civil penalty of \$1,000.00 for violation of A.R.S. § 32-3051(7): Failure to comply with all state and federal laws relating to the operation of a private postsecondary educational institution and require Brown Mackie to submit copies of the reports required to the Arizona State Board of Nursing. Mr. Pistillo seconded the motion and the motion carried. Ms. Elson agreed to the Consent Agreement.

C. Non-Student Complaint #16-NS503 Carrington College

Institution: Joshua Chumley, Executive Director; Danika Bowen, Provost and Debra McDonald Davis, Nursing Director

Mr. Jacob recused himself.

Mr. Blanchard summarized the complaint. At its meeting on December 8, 2015, the Complaint Committee reviewed the Memorandum for *Determination to Open a Complaint* regarding an Arizona State Board of Nursing Consent Agreement and Order. The Consent Agreement and Order was regarding the RN program, which was signed by Carrington College. The Order included the following allegations:

Specifically an instructor allowed some failing students “extra points” in order to pass the NUR 261 course and NUR 266 course. This instructor created an “Independent Study” for specific students and imported prior course grades that allowed the student to pass the NUR262 course. The institution conducted an investigation and when they were to meet with the instructor, she resigned and filed a complaint with the Arizona State Board of Nursing. Carrington College did sign a Consent Agreement offered by the Nursing Board.

Motion: After review and discussion, Mr. Pistillo made a motion to offer a Consent Agreement for violation of A.R.S. § 32-3051(7): Failure to comply with all state and federal laws relating to

the operation of a private postsecondary educational institution. Dr. Radda seconded the motion and the motion carried. Mr. Chumley agreed to the Consent Agreement.

D. #15-NS501: Operating without a license: Examination Prep Institute aka Para Health Professionals

Institution: None

Complainant: P.B.

Mr. Blanchard summarized the complaint. At its meeting on September 25, 2014, the Complaint Committee determined to open a complaint regarding the operation of an institution under the name of Examination Preparation Institute, Inc. (EPI). This institute is located at 7502 E. Monterey, Scottsdale, AZ 85251. The administrators listed for this entity includes Pamela R. Davis, John C. Davis, Jr. and Ernest C. Estaban.

In 2014, staff conducted an investigation into the operation of Examination Preparation Institute regarding allegations that the EPI was enrolling students and receiving tuition for a Bachelor of Behavioral Health Science and Health Care Management Program. Based on the investigation, staff issued a Cease and Desist Order.

EPI's operators, Pamela R. Davis and Ernest C. Estaban listed a number of false credentials. The Arizona State Board of Nursing revoked an LPN license from Ernest C. Estaban for falsely using certifications and degrees he does not hold, including the use of M.D. and Ph.D. In interviewing Pamela R. Davis, she stated she does not hold a M.D. degree or a Ph.D. degree, but uses the designation, which she stated she would cease.

Staff subsequently received a complaint on November 30, 2015 from victim and prior student P.B. P.B. gave lengthy testimony regarding the education she received from Para Health Education. This includes a large number of national certifications, diplomas and CPR type programs. Listed is a timeline regarding her experience with Para Health and Examination Prep.

In the information proved to the State Board, Para Health Professionals and Examination Preparation Institute, Inc. are both corporations listed with the Arizona Corporation Commission. Both list Pamela R. Davis, John C. Davis, Jr. and Ernest C. Estaban as directors. Each entity was incorporated on the same date (April 12, 2012). Both are located at 7502 E. Monterey Way, Scottsdale, AZ 85251. Both entities list Pamela Rae Davis as the Statutory Agent, with the same address.

Motion: After testimony of P.B., review and discussion of all the information, Mr. Pistillo made a motion to refer this matter to the Arizona Attorney General's Office of Consumer Fraud and the Maricopa County Attorney office for possible criminal action. Ms. Miller seconded the motion and the motion carried.

11:41 Break

11:49 Meeting reconvenes

Agenda item F.2.

VI. Licensing:

Agenda Item F.2. was heard next.

F.2. Conditional Vocational Program License Application: Clinical Research Fastrack. Represented by David Silberman

Ms. Stanfill introduced this Agenda item. Ms. Miller was lead. In response to Ms. Miller's questions, Mr. Silberman explained the career in clinical research that the students are prepared to enter upon completion. Ms. Miller requested clarification in the admission requirements.

Motion: Ms. Miller made the motion to approve the Conditional Vocational Program License Application for Clinical Research Fastrack with the stipulations to maintain the \$15,000 Surety Bond and to revise the admissions policy. Mr. Walser seconded the motion and the motion carried. Mr. Silberman agreed to the stipulations.

A. Conditional to Regular Vocational Program License Renewal: Arizona Academy of Emergency Services. Represented by Andrew Johnson, Dean of Operations

Ms. Stanfill introduced this Agenda item. Dr. Radda was lead.

Mr. Johnson gave a brief overview. Dr. Radda asked about the placement rate. Mr. Johnson explained that the placement rate for the paramedics is very good, about 90%, but placement for the EMT program is difficult. Mr. Johnson explained that the EMT students are often looking for additional experience only, for instance, those students in medical school. Discussion ensued.

Motion: Dr. Radda made the motion to approve the Conditional to Regular Vocational Program License Renewal with the stipulations that the \$100,000 Surety Bond be maintain and to more accurately report placement data (to account for student's intent) and include the NREMT and AZDHS certification rates on the annual renewal. Mr. Walser seconded the motion and the motion carried. Mr. Johnston agreed to the stipulations.

B. Provisional Degree-Granting License Renewal Application: Unmanned Vehicle University. Represented by Kevin Kelly, owner and Dr. John Minor, Provost.

Ms. Stanfill introduced this Agenda item.

Mr. Kelly gave an opening statement. Mr. Pistillo asked about the outcomes for the certificate students, noting the 55% retention rate on the License Renewal. Mr. Kelly stated retention was good as there must be an error.

There was discussion regarding the progress of accreditation with DEAC and the pending FAA regulations.

Motion: Mr. Pistillo made a motion to approve the Regular Vocational Program and the Provisional Degree-Granting License renewal with the stipulation that the \$78,891.15 Surety Bond be maintained. Mr. Jacob seconded the motion and the motion carried. Mr. Kelly agreed to the stipulation.

C. Supplemental License Application for a Change of Ownership and Supplemental License Application for two new degree programs. Represented by Dr. Darryl Macer and Dr. Govindan Parayil

Ms. Stanfill explained the following regarding the change of control for AUSN: At the August 27, 2015 Board meeting, the Board approved the Conditional to Provisional Degree-Granting License Renewal for the American University of Sovereign Nations, removed the requirement for the Surety Bond and quarterly reporting. However, several revisions to policies were required.

Dr. Gionis was the President of AUSN. Since licensure, the California Bureau had pending allegation against Aristotle University for operating without a license. Dr. Gionis was identified as the President of Aristotle University and disputed any and all allegations.

On July 29, 2015, Dr. Gionis entered into a "Settlement of Citation" with the Bureau for Private Postsecondary. A copy of the document is in the AUSN folder.

I became aware of the settlement in September (after the August board meeting), and requested a copy of the documents from Dr. Gionis, further information/explanation and to appear before the Board at the October 29, 2015 meeting.

Dr. Gionis responded to me via email on September 24, 2015. A copy of the email is provided to you.

On October 18, 2015, Dr. Gionis resigned as President and faculty of AUSN. On October 19, 2015, Dr. Nia Smyrniotis resigned. Shortly thereafter, David Hutton, Dr. Gough and Dr. Rhein resigned.

A new Corporate Board has assumed control of AUSN and is seeking approval of the Supplemental License Application for a Change of Control.

AUSN is a non-accredited degree-granting institution. AUSN has stated its intent to seek accreditation with HLC. Since the change in the Board, Dr. Macer has stated AUSN also intends to seek accreditation with ACICS and submitted a timeline.

Mr. Walser was lead.

Dr. Macer addressed the Board and gave a brief update regarding the recent changes with AUSN. Dr. Macer explained that AUSN continued with its duties as a University regardless of the changes that have occurred. Dr. Macer stated AUSN has met with the Native American community and is seeking stronger support.

Mr. Walser stated he had several questions that primarily focused on the concern of the administration when both he and Dr. Pa are residing in Irvine. Dr. Macer responded to the questions raised. Dr. Parayil also explained his previous relationship with AUSN. Dr. Pa stated upon the departure of the previous administration, he recently agreed to become the Dean and a renewed commitment to AUSN. Mr. Walser stated his concern that a “core” group of administration and faculty should be in Arizona if the student body is in Arizona.

Additional discussions ensued regarding intellectual property, faculty and status of accreditation and HLC/ACICS responses to the changes that have occurred.

Mr. Walser asked if there was still a conflict with prior administration. Dr. Macer stated he did not believe there to be; but Mr. Walser noted the number of previous supporters that are no longer a part of AUSN.

Dr. Macer responded to Ms. Miller’s question regarding fundraising. Ms. Miller expressed her concern with financial and management ability.

Mr. Pistillo asked for further explanation of the current environment and stressed the importance that AUSN is “tangible”. Mr. Pistillo clarified that AUSN is an approved 501(C)(3) non-profit corporation.

Dr. Macer also explained the three Boards: Trustees, Governors and Corporate Board. The corporate structure was discussed at length. Mr. Pistillo cautioned the current structure may be an issue with HLC and suggested a change be considered to follow the common structure for non-profit institutions. Mr. Pistillo suggested the Board review the governance structure.

Dr. Macer requested that a requirement for quarterly reporting be delayed until the audit has been completed and the transition is resolved.

Motion: Mr. Walser made the motion to approve the Supplemental License Application for a Change of Control. Ms. Miller seconded the motion. Discussion ensued.

Amended Motion: Mr. Walser made the motion to approve the Supplemental License Application for a Change of Control with the following stipulation: A detailed up-to-date report be submitted with the annual License Renewal to include: Audit, governance structure, management structure, “tangibility”, fundraising activities and results, and status of accreditation. Ms. Miller seconded the motion and the motion carried. Dr. Macer agreed to the stipulations.

- Supplemental License Application for new Degree Programs: 1) Doctor of Philosophy in Bioethics, Sustainability, Global Public Health and 2) Master of Science in Sustainability

Dr. Radda was lead. Dr. Radda stated his primary concern is the administrative infrastructure; who is there, who is managing the programs, who is managing the records in offering the level of these programs.

Dr. Macer responded and explained that 2 of the 4 Master programs have not had students, but did not want to remove the programs and have to re-apply. Dr. Macer also explained there is a strong interest in the doctorate program and the uniqueness of the MS program in Sustainability.

Dr. Macer acknowledged the need for additional administrative/management personnel, but due to the funding issues currently AUSN has been facing, this has made it difficult.

Dr. Radda again expressed his concerns with the infrastructure in offering this level of programs and the credit methodology for the different delivery options of the programs. Discussion ensued.

Dr. Macer also explained it is their intent to begin charging tuition; these two programs may be key in raising revenue.

Dr. Radda explained his concern with the credit methodology for the different delivery options of the programs. Dr. Macer explained how he has recorded the hours/attendance of the last 30 graduates.

Mr. Pistillo explained his concern assignment of credit and strongly suggested an assignment of credit rationale be developed and strictly followed.

Other areas were discussed: library resources, GPA requirements and the Satisfactory Academic Progress policy.

Motion: Dr. Radda made a motion to approve the Master of Science in Sustainability and the Doctor of Philosophy in Bioethics, Sustainability and Global Public Health with the stipulations that the following additional reports be provided with the License Renewal: demonstrates administrative capability (structure of administration: Registrar, Compliance Officer, Record keeping). Ms. Miller seconded the motion and the motion carried. Dr. Macer agreed to the stipulations.

D. Regular Degree-Granting License Application: Phoenix Seminary. Represented by Dr. W. Bing Hunter (other present, not speaking)

Ms. Stanfill introduced this Agenda item and explained that previously, licensure for Phoenix Seminary was not required. However, in 2014, Phoenix Seminary received approval from HLC and ATS to offer the Master of Arts in Counseling. Unknown to Phoenix Seminary, the Board's exemption for this program did not apply. Phoenix Seminary became aware of the licensing requirement during its re-certification process for Title IV participation. Phoenix Seminary immediately ceased any Title IV disbursement and began the process.

Dr. Hunter made an opening statement. Dr. Radda was lead. There were few questions.

Motion: Dr. Radda made the motion to approve the Regular Degree-Granting License application with the stipulation to enter into a Consent Agreement the Phoenix Seminary operated without a license, no penalty assessed. Ms. Miller seconded the motion.

Discussion ensued regarding the assessment of the penalty.

Ms. Stanfill also stated the other programs offered by Phoenix Seminary are not under the Board's jurisdiction requested the grievance procedure clearly state the policy is only available to the students in the MA in Counseling program.

Amended motion: Dr. Radda amended the motion to include a penalty in the amount of \$100 for operating without a license. Ms. Miller seconded the amended motion and the motion carried.

E. Regular Degree-Granting License Applications, Shared Services Centers: McCann School of Business in Louisiana, Miami-Jacobs Career College in Ohio, Miller-Motte Technical College in South Carolina. Representing the institutions: Ned Snyder, President of Online Operations.

Ms. Stanfill introduced this agenda item and explained that the three institutions are owned by Delta Career Education Corporation (DCEC). Ms. Stanfill explained that the Board currently licenses Miller-Motte in North Carolina at the "Shared Services" only Tempe location. Ms. Stanfill explained how she became aware of the other three institutions operating out of the Tempe location.

Mr. Pistillo was lead. Mr. Pistillo shared his concern regarding the individual licensure for the three institutions. Mr. Pistillo stated that it would be more appropriate to issue the license to the parent company.

Mr. Pistillo asked if this would be an appropriate determination. Mr. Tellier responded that it would be if it a policy decision by the Board.

After discussion, the Board determined that it is more appropriate for licensure of the Shared Services Center/Call Center be granted to the parent company and not for the individual institutions. The operations of the Shared Services Centers/Call Centers are under the ultimate control of parent company.

Ms. Stanfill stated this determination would also apply to the schools currently licensed at the EDMC Call Centers and the Center for Excellence in Higher Education.

Motion: Mr. Pistillo made the motion to amend the prior license and approve the Regular Vocational and Degree-Granting License for Delta Career Education Corporation to operate a Share Services Center for DECE owned institutions. Ms. Miller seconded the motion and the motion carried.

F.1. Arizona Technical College. Represented by Dennis Willis.

Ms. Stanfill introduced this Agenda item and explained that Mr. Willis was previously part-owner of Aventis College, licensed by the Board since January 2012 and accredited by COE. There were no concerns with Aventis College while Mr. Willis was part-owner.

Mr. Willis addressed the Board.

Mr. Jacob was lead and expressed his concern with the aggressive plan. Mr. Willis responded that there is not another school in Yavapai County with similar programs and he is sharing faculty with Yavapai

Community College. Mr. Jacob asked about the reference to the Tempe location. Mr. Willis stated that was an error.

Mr. Willis responded to the questions raised and a few revisions were noted.

Motion: Mr. Jacob made the motion to approve the Conditional Vocational Program License with the stipulation to maintain the \$15,000 Surety Bond and to make the following revisions to the Catalog: Page 2 remove the reference to the Tempe location and page 6 reword "are required" to "may petition". Mr. Walser seconded the motion and the motion carried. Mr. Willis agreed to the stipulations.

F.3. Madison Improvement Club. Represented by Jaqlyn Collier, studio manager and Desiree Grobstein, lead instructor.

Ms. Stanfill introduced this Agenda item and reported that Madison Improvement Club previously held a license in 2014, but determined not to renew. The Madison Improvement Club is re-applying for licensure.

Ms. Miller was lead.

Ms. Collier and Ms. Grobstein addressed the Board.

Ms. Miller asked if the Phoenix location was the only location offering the Yoga Teacher Training program. Ms. Collier stated yes.

Ms. Miller noted several policies that required revisions.

Motion: Ms. Miller made the motion to approve the Conditional Vocational Program License with the stipulations that the \$15,000 Surety Bond be maintained; revise the make-up policy for missed classes and state the reasons for dismissal. Dr. Radda seconded the motion and the motion carried. Ms. Collier agreed to the stipulations.

F.4. The Iron Yard. Represented by Austin Rhodes, Associate General Counsel for Apollo Education Group, Lauren Ellisberg, Director of Compliance and Government Relations, The Iron Yard; Sam Kapila, Director of Instruction, The Iron Yard and Tom Hoye, Senior Director of Financial Planning and Analysis

Ms. Stanfill introduced this Agenda item. Mr. Jacob was lead.

Mr. Rhodes addressed the Board.

Mr. Jacob asked Mr. Rhodes to explain the relationship between Apollo Education Group (AEG) and The Iron Yard (TIY). Mr. Rhodes explained AEG purchased 60% in TIY Academy in June 2015 and AEG has been assisting TIY seeking licensure in many of the states.

Mr. Jacob asked requested clarification regarding shared services with AEG. Mr. Rhodes stated the only services provided to TIY at this time is real estate and regulatory matters. TIY operates independently of AEG/UoP in terms of school management, structure and operations. Mr. Rhodes further stated that it is not the intent to transfer TIY students into UoP programs.

Mr. Rhodes responded to Mr. Pistillo's questions regarding recruiting; which are strictly salary.

Ms. Ellisberg responded to Mr. Jacobs questions regarding assessment and admissions for students.

There was considerable discussion regarding completion and the program objectives.

Mr. Walser asked what is AEG's long-term plan for TIY. Mr. Hoye explained it is AEG's plan for TIY to be an investment as a subsidiary and provide diversification for AEG.

Mr. Pistillo noted the high accounts receivable on the March 2015 statements. Mr. Hoye stated that there have been some significant changes since the March statements and the AEG is providing accounting assistance and direction. There was considerable discussion regarding the financials and accounting policies/procedures. Mr. Pistillo requested current in-house statements.

Motion: Mr. Jacob made the motion to approve the Conditional Vocational Program License Application with the stipulations to maintain the \$15,000 Surety Bond and submit in-house financial statements for review by the Finance Committee. Dr. Radda seconded the motion and the motion carried. Mr. Rhodes agreed to the stipulations.

VII. Call to the public. No one came forward.

3:45 Ms. Miller left the meeting

VIII. Board Business:

A. Executive Director's Report: Ms. Stanfill summarized the following House bills and status: HB 2371 (Board's continuation bill); HB 2390 (Yoga teacher training exemption); HB 2501 (health regulatory agencies transfer to DHS) and HB 2278 (sexual consent policies).

B. Election of Chairman and Vice Chairman: Mr. Pistillo made the motion that Ms. Miller continue as Vice Chairman. Mr. Walser seconded the motion and the motion carried.

Election of the Chairman will be in February for lack of a quorum.

C. Election of Members of the Finance and Complaint Committee Members.

The Board agreed that the Finance Committee members would remain. Mr. Jacob volunteered to serve on the Complaint Committee and Dr. Radda agreed to serve as alternate.

IX. Adjournment

The meeting of the Arizona State Board for Private Postsecondary Education adjourned at 3:55 p.m.

The January 28, 2016 Minutes were approved by the Board at the February 25, 2016 meeting.


Teri Stanfill, Executive Director