

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

**BOARD MEETING MINUTES**  
**January 26, 2012**

Members Present:                      Laura Palmer Noone, Chair  
    Gary Damore    KC Miller  
    Trish Leonard (by phone)  
    Jason Pistillo    Glen Tharp

Also Present:                              Teri Stanfill, Executive Director  
    Jeanne Galvin, Asst. Attorney General  
    Keith Blanchard, Deputy Director  
    Cassandra Pinon, Program Specialist

**I. CALL TO ORDER:** Dr. Noone, Chair, called the meeting to order at 10:08 a.m.

**II. Board Meeting Minutes: December 13, 2011**

**A. Regular Meeting Minutes:** Mr. Tharp made a motion to approve the Minutes as submitted. Ms. Miller seconded the motion and the motion passed. Dr. Damore and Mr. Pistillo abstained.

**B. Executive Sessions Minutes:** Ms. Miller made a motion to approve the Executive Session Minutes as submitted. Mr. Tharp seconded the motion and the motion passed. Dr. Damore and Mr. Pistillo abstained.

**III. COMPLAINTS:**

**A. Complaint #12-S009: Complainant R.B. Request for Appeal**  
Complainant R.B. present.

Ms. Stanfill stated that at the December 13, 2011 Complaint Committee meeting, the Committee determined to dismiss Complaint #12-S009 against Arizona Medical Training Institute filed by complainant R.B. After the meeting, RB requested the procedure to file an appeal of the Committee's decision. RB stated that the proceedings of the meeting and the investigative process were unfair and unjust.

Ms. Stanfill stated that she responded to RB that he was not a party to the matter and did not have standing to file an appeal. RB disagreed and stated that he would be sending a letter to all of the Board members.

Ms. Stanfill explained that she had provided the Board members copy of all of the email correspondence between State Board staff and that Ms. Galvin had also prepared an Attorney-Client Memo for the Board members' reviewed.

Dr. Noone makes a motion to go into Executive Session to obtain legal advice. Ms. Miller seconds the motion and the motion passed.

Regular meeting recessed at 10:14 a.m..  
Executive Session Convened at 10:15 a.m..

Executive Session Adjourned at 10:19 a.m..  
Regular meeting reconvened at 10:20 a.m.

Board members discussed the question of jurisdiction as complainant RB is not a party. RB states he disagrees with the Board's interpretation of the statutes and rules.

**Action:** Ms. Miller makes a motion to decline to consider the request for appeal as RB is not a party to the matter and therefore the Board lacks jurisdiction pursuant to A.R.S. § 32-3054 and A.A.C. R4-39-503. Mr. Tharp seconds the motion and the motion passed.

**B. Complaint #12-S005: Brown Mackie College/Referred by the Complaint Committee**  
Representing the Institution: Connie Sharp, Christine Adams, Melody Montano, Patti Curtis and attorney Robert Kelley. Complainant D.F. also present.

Mr. Tharp recused himself.

Mr. Blanchard summarized the Investigative Report. Mr. Blanchard explained this Complaint was previously heard by the Complaint Committee at its meeting on December 13, 2011 and the committee voted to refer the complaint to the full Board for review.

Mr. Blanchard stated the all the allegations submitted by D.F. were listed in the Investigative Report. Mr. Blanchard explained that complainant D.F. enrolled in the AS in Surgical Technology program from November 30, 2009 through November 23, 2011. D.F. had completed all of the course work except for MD2020, which she failed. BMC has been unable to place D.F. in a required externship due to problems with her background check.

Ms. Montano, Surgical Tech Chair, explained that BMC has indentified four sites that will accept students without a background check.

After discussion, Ms. Miller asked if the institution would accept D.F. back as a student. Ms. Montano responded yes, but that D.F. would need to retake the MD2020 class. Ms. Miller expressed her concern that BMC's recruiting practices did not adequately address possible negative outcomes with the externship and employment because of the student's criminal history.

The Board discussed the possibility of employment for D.F. after she completed the externship site based upon the outcome of her background check. The Board also asked if the school has considered reviewing the policies and disclosures regarding this issue. Ms. Sharp responded that the policies and disclosures are currently being reviewed.

Mr. Kelley, appearing telephonically, is the attorney for BMC and had asked to address the Board. Ms. Galvin asked Mr. Kelley if he was licensed to practice in Arizona and he responded no. Ms. Galvin informed Mr. Kelley he could not address the Board on BMC's behalf.

Ms. Miller asked D.F. if she would be willing to return to Brown Mackie to complete her program. D.F. responded she would not.

**Action:** Ms. Miller made a motion to issue a Letter of Concern. The Letter of Concern was to state BMC may have recruited the student knowing that D.F. had a criminal record, which she disclosed, that could keep her from being accepted in the required externship and obtaining a position as a Surgical Technologist upon completion of the program. BMC was cautioned to ensure all possible outcomes and disclosures on these types of matters and must clearly explain to all potential students during the recruitment process. Additionally, BMC is required to send a letter to D.F. offering her the opportunity to

retake MD2020 class and be provided the opportunity to complete the required externship at a site not requiring a background check. Mr. Pistillo seconded the motion.

Dr. Noone expressed her concern that D.F. would not be able to secure employment after completing the externship.

Motion carried by a vote of 4-1. Dr. Noone voted no.

Mr. Tharp returned to the meeting.

**C. Complaint #12-S007: Pima Medical Institute/Referred by the Complaint Committee**  
Representing the Institution: Kristen Torres and Fred Freedman. Complainant A.V and Kellie and Kevin Volant also present.

Mr. Blanchard explained this Complaint was previously heard by the Complaint Committee at its meeting on December 13, 2011 and the committee voted to refer the complaint to the full Board for review. Mr. Blanchard summarized the Investigative Report, including the Arizona State Board of Nursing requirements to become licensed in Arizona and the H4 Visa. Since the December Complaint Committee meeting, Mary Ilosvay submitted an affidavit disagreeing with the Volant's and A.V.'s recollection of their discussions.

Mr. Blanchard explained that complainant A.V., through Kevin and Kellie Volant filed the complaint alleging that A.V. was enrolled in the two-year nursing program and the school failed to disclose all the issues with Visa requirements that would allow A.V. to become a nurse in the United States. A.V. has a H4 Visa and H4 Visa holder may engage in full or part-time study but may not accept any employment. Mr. and Mrs. Volant co-signed the loan for A.V. to attend the program based on the reassurance of Pima Medical Institute. The complainant(s) allege that Mary Ilosvay, Director of Financial Aid, told them that A.V. would almost certainly be able to obtain employment as a Registered Nurse in the U.S. due to the shortage of nurses and that prospective employers would probably "sponsor A.V." After graduation, A.V. stated that her A.A. degree was insufficient and that she needed a bachelor's degree to practice nursing in the U.S.

Mrs. Volant read a statement and re-iterated that if A.V. and the Volant's had been informed about the complexity of immigration and employment issues, rather than a verbal assurance from Ms. Ilosvay, they would have made different and/or a better decision regarding A.V. attending Pima Medical Institute. Ms. Volant contends that the immigration laws require AV to have a BSN to become a Registered Nurse in the US.

Mr. Freedman stated that Pima Medical Institute did not make any promises in regards to A.V. eligibility to work as a Registered Nurse in the US, gain sponsorship or citizenship. Mr. Freedman further explained that A.V. met all the requirements for admission, including the correct visa, completed the program and passed the required Board of Nursing test. Mr. Freedman stated at no time during A.V.'s attendance did she communicate with school staff regarding issues or concerns with her visa status.

Pursuant to the Board of Nursing, a graduate from an approved program in the United States does allow graduates with an AA to be licensed as a nurse.

**Action:** Ms. Miller made a motion to Pima Medical to enter into a consent agreement for misleading recruitment. The agreement was to include a refund of tuition to the student. Ms. Miller stated the school had 30 days to accept the provisions in the consent agreement and if accepted had 10 days to submit the refund. Mr. Tharp seconded the motion.

Motion carried.

**D. Complaint #12-NS003: Arizona Automotive Institute Update**

Representing the Institution: Michael Gries, Interim CEO ATI, Dennis Del Valle, Sue Edwards and Bret Idaspe.

Ms. Stanfill summarized the Report for the Board. Ms. Stanfill stated that at the September 12, 2011 Complaint Committee meeting, the Committee determined to open Complaint #12-NS003 against Arizona Automotive Institute (AAI). The complaint was opened based upon the actions taken against ATI, the parent company of AAI, by the Texas Workforce Commission and ACCSC.

In June 2011, ACCSC was concerned that there may be systemic issues with regards to recruitment, admissions, accuracy of employment data, and sufficiency of infrastructure throughout the ATI schools and directed ATI to Show Cause why accreditation should not be withdrawn. AAI was included in this action. In August 2011, ACCSC elevated the status of all ATI ACCSC accredited institutions in Texas to Probation and continued the June 2011 Show Cause for AAI and other ATI owned institutions.

Ms. Stanfill stated that ACCSC in November 2011 continued the Probation but included additional ATI schools in the Probation Order and the June 2012 Show Cause Order (which included AAI) until May 2012.

Mr. Gries addressed the Board and explained the many steps that are being taken to correct the problems and improve the financial stability of the company.

After discussion, the following motion was made:

**Action:** Mr. Tharp made the motion that the Board and AAI agree to a "Letter of Understanding" that includes: 1) Complaint #12-NS003 will remain open; 2) concurrently provide the State Board copies of all correspondence with ATI Enterprises, Inc. and AAI with ACCSC, USDE and any other regulatory agencies; 3) Appear before the State Board to provide a update in May 2012 and October 2012; 4) Submit to quarterly reporting; 5) Post a surety bond in the amount to be determined by the Finance Committee at its meeting March 22, 2012. Mr. Pistillo seconded the motion and the motion carried.

Mr. Gries agreed.

The College of St. Mary's application was considered next as Mr. Tharp was lead and needed to leave.

**V.B. Regular Degree-Granting License Application: College of St. Mary**  
Represented by Dr. Christine Pharr

Ms. Stanfill summarized the Board Report stating that the College of St. Mary was seeking a license to offer nursing programs in Arizona; the main location is in Omaha, Nebraska.

Mr. Tharp was the Board member lead.

Dr. Pharr stated that the College is a private Catholic college since 1923.

Mr. Tharp noted that the Catalog is to be revised to meet Arizona requirements upon licensure and directed the applicant to provide a new, revised Catalog.

**Motion:** Mr. Tharp made a motion to approve the Regular Degree-Granting License Application and directed the applicant to provide a new, revised Catalog to comply with AZ requirements. Dr. Noone seconded the motion and the motion passed.

Mr. Tharp left the meeting.

**IV. Career Education Corporation, Discussion and Action on the Arizona Institutions:**

**A. Complaint #12-NS506: Collins College/Sanford Brown College – ACICS Show Cause continued and expanded to include Le Cordon Bleu College of Culinary Arts; ACCSC requirement for independent audit of CEC institutions to include Le Cordon Bleu College of Culinary Arts.**

Representing the Institutions: Christine Murphy for Collins College, Lloyd Kirsch for Le Cordon Bleu College of Culinary Arts, George Fitzpatrick for Sanford Brown College and Jill DeAtley, VP of Regulatory Affairs for CEC

Ms. Stanfill summarized the Report for the Board that the Complaint Committee opened Complaint #12-NS506 at its meeting on December 13, 2011. The complaint was opened based upon the following:

The parent company of Collins College and Sanford Brown College, Career Education Corporation (CEC) identified improper practices related to reporting graduate placement rates at a number of its campuses.

CEC had reported that the CEC Board of Directors had directed an outside legal counsel, Dewey & LeBoeuf (Dewey) to conduct an investigation into the determination of placement rates. Dewey's investigation confirmed the existence of improper placement determination in numerous CEC schools. Collins College had been identified as one of the colleges.

On November 14, 2011, ACICS issued a Show Cause that CEC "had identified improper practices related to reporting graduate placement results to ACICS by a substantial number of CEC's campuses that are accredited by ACICS"

On December 13, 2011, ACICS continued and expanded, which now included Le Cordon Bleu College of Culinary Arts, in the Show Cause Directive until April 2012.

In addition, at its meeting in November 2011, ACCSC directed CEC to "initiate an audit conducted by D&L of CEC's 2010 Annual Report graduate employment rate data as submitted to ACCSC for review at the February 2012.

Ms. DeAtley addressed the Board. After discussion, the Board determined the following:

**Motion:** Ms. Miller made the motion to offer a Letter of Understanding as follows: 1) Le Cordon Bleu College of Culinary Arts be included in the Complaint; 2) Complaint #12-NS506 will remain open for on-going monitoring; 3) the licensees will continue to provide the State Board copies of all information provided to all regulatory agencies; and 4) provide a chronological timeline of all reporting requirements to include, but not limited to, dates for the required submission of documents and agency meeting dates for review of documents. Dr. Damore seconded the motion and the motion carried.

**B. Regular Degree-Granting License Renewal Application for Collins College**

**Motion:** Ms. Miller made a motion to approve the Regular Degree-Granting License Renewal Application. Dr. Damore seconded the motion and the motion passed.

**V. LICENSING:**

**A. Regular Degree-Granting License Renewal Application: Everest College, all AZ locations**

Representing the Institution: Dr. Ed Johnson, College President, Todd McDonald and Steve Corozzi with CCI

Ms. Stanfill summarized the Report for the Board that Everest College Phoenix, with an online campus and Mesa campus, is seeking renewal of the 2012 Regular Degree-Granting License renewal. The License renewals were referred to the Board for action because of the previous HLC Show-Cause directive issued by the Higher Learning Commission in November 2012, vacated November 3, 2011. Ms. Stanfill explained the actions taken by HLC. Ms. Stanfill expresses her concerns regarding the retention and placement rates reported on the License Renewal.

Dr. Johnson addressed the Board. Dr. Johnson explained that the US Dept. of Education has not issued the Final Program Report. Dr. Johnson also explains the reasons behind the low retention and placement rates, the Probation imposed by the Higher Learning Commission and CCI's October 2010 decision to suspend enrollment in all degree programs. In May 2011, the College began limited enrollment for the Nursing program.

**Motion:** Ms. Miller made the motion to approve the 2012 License Renewals with the following stipulations:

1. Submit an institutional Improvement Plan for Retention and Placement rates for each program offered within 30 days;
2. Provide a copy concurrently of the monitoring reports due to HLC;
3. Provide a timeline of all regulatory reporting requirements to include, but not limited to, submission of any required documents and meeting dates of reviews.

Mr. Pistillo seconded the motion and the motion carried. Dr. Johnson agreed with the stipulations.

**C. Conditional Vocational Program License Application: Western Career Institute**  
Represented by Marie Ruggieri and Dennis Willis

Ms. Stanfill summarized the Board report. Ms. Stanfill explained that Marie Ruggieri also owned Mundus Institute which closed on 1.2.2007. Ms. Ruggieri notified the State Board on the day of the closure. Approximately 50 students were currently enrolled at the time of the closure - primarily in the golf course/management programs and poker/black jack programs. In cooperation with ACCSCT, Staff identified the AZ Golf Academy and ABC Bartending and Casino Schools as possible teach-out options. Staff was able to secure the currently enrolled student records. Not all students transferred. STRF payments were made in the total of \$4969.64. On October 12, 2011, Ms. Ruggieri submitted a check in the amount of \$4969.64 reimbursing the STRF fund for total payments paid out in 2007.

KC Miller was the lead Board member. Ms. Miller asked if it was their intent to seek accreditation. Ms. Ruggieri responded yes after the two year period.

**Action:** Ms. Miller made a motion to approve the Conditional Vocational Program License application with the stipulation that the surety bond be maintained. Dr. Noone seconded the motion and the motion carried. Ms. Ruggieri agreed to the stipulation.

**D. Conditional Degree-Granting License Application: Dale Keitzman University (DKU)**  
Represented by Dr. Andre Talla and Dale Keitzman

Ms. Stanfill summarized the Board Report stating that the applicant is seeking a Conditional Degree-Granting License to offer online program, primarily to the people in Africa. Ms. Stanfill stated that DKU intends to seek accreditation with DETC and has submitted a timeline.

Dr. Noone was the Board member lead.

Dr. Noone stated she had a significant number of deficiencies in the application. Based upon the number of deficiencies, Dr. Noone suggested that DKU withdraw the application or that the Board postpone action providing DKU to re-submit a revised application for review at a later date. Dr. Noone stated she had a deficiency list of 37 items and that she would provide Ms. Stanfill a copy in order to provide to DKU if they determine to re-submit the application. Dr. Noone highlighted a few of her concerns.

The Board did not take any action on the application.

**VI. Call to the Public:** No one came forward

**VII. Board Business:**

A. Executive Director's Report: Ms. Stanfill explained that the Executive Budget proposes to sweep the Fund Balance for @ \$400,000.00. Ms. Stanfill has discussed the potential sweep with the Governor's office and has suggested that the funds at least be transferred to STRF. Ms. Stanfill will keep the Board members updated.

Ms. Stanfill explained that she was been working with MaxKnowlege in developing a "Complaint Communications with Students" course. Ms. Stanfill stated she understood licensees/applicants could not be required to take the course, but would like to at least inform the licensees/applicants that it was available. After discussion, the Board determined that it would be best that the course be promoted through APSA.

**B. Federal Regulations: 34 C.F.R. § 668.8(k)(2)(i)(A) Clock Hour Program Measurements: Discussion and action on State Board Reporting Requirements.**

Ms. Stanfill summarized the Report regarding the new federal regulations regarding program measurement. Ms. Stanfill stated, that in summary, the effect on Arizona institutions, as stated in the November 17, 2011 memo, "It shifts the substance of the rule from one that relies on a state's stated requirements when granting state approval to one that relies on a state's reporting requirements."

It would affect all private, for-profit accredited programs (vocational and degree) approved by Arizona as the applications for credit hour programs request both clock hours and credit hours. This is not required by statute or rule, but required on the application forms. If it is the Department's interpretation, all licensed institutions in AZ offering vocational and/or degree programs and granting credits, for Title IV purposes, the programs would be considered clock hour programs for Title IV purposes based upon the applications and the reporting of clock hours on the website.

Ms. Stanfill suggested that the applications be revised for accredited vocational/degree programs to specify either clock OR credit and remove all references to clock hours on the database/website.

The Board members discussed the matter.

**Action:** Dr. Noone made the motion to revise all application forms that will specify the institutions' program measurement be stated in either clock hours or credit hours; if the

institution is determined to be a credit hour institution, all clock hours will be removed from the database. Ms. Miller seconded the motion and the motion passed.

**C. Election of Chairman and Vice Chairman:**

**Chairman:** Mr. Pistillo made the motion to elect Dr. Noone as Chair. Mr. Damore seconded the motion and the motion carried.

**Vice Chairman:** Mr. Pistillo made the motion to elect Ms. Miller as Vice Chair. Dr. Noone seconded the motion and the motion carried.

**C. Election of the Member of the Finance and Complaint Committees**

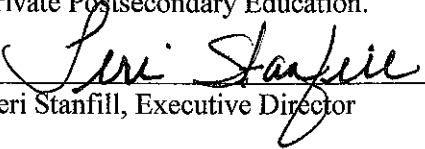
**Finance Committee:** Ms. Miller and Mr. Pistillo agreed to serve as members. Mr. Walser will also remain as a Member. Ms. Miller suggests that Mr. Walser, as a CPA, serve as Chair. Ms. Stanfill stated the members may elect the chair at the next meeting.

**Complaint Committee:** Dr. Noone, Mr. Tharp and Ms. Leonard agreed to remain on the Complaint Committee, a chair to be selected at a later date. Dr. Damore agreed to serve as an alternate member.

Ms. Miller stated that the Board may need to consider a Retention/Placement Rate Reporting Committee in the near future.

**VII. Adjournment:** The meeting adjourned at 1:09 p.m.

The minutes were approved at the February 23, 2012 at the meeting of the Arizona State Board for Private Postsecondary Education.

  
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Teri Stanfill, Executive Director