

**ARIZONA STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION
1400 W. WASHINGTON STREET, CONFERENCE ROOM B1
PHOENIX, AZ 85007**

SEPTEMBER 27, 2012 BOARD MEETING MINUTES

Members present: Laura Palmer Noone, Chair
KC Miller, Vice Chair Glen Tharp
Jason Pistillo David Walser

Also present: Teri Stanfill, Executive Director
Keith Blanchard, Deputy Director
Cassandra Pinon, Program Specialist
Jeanne Galvin, Assistant Attorney General

I. CALL TO ORDER

Dr. Noone called the meeting of the Arizona State Board for Private Postsecondary Education to order at 11:00 a.m.

II. BOARD MEETING MINUTES:

- A. August 23, 2012 Regular Meeting Minutes:** Mr. Walser made a motion to approve the Minutes as submitted. Mr. Tharp seconded the motion and the motion carried.
- B. August 23, 2012 Executive Session Minutes:** Mr. Pistillo made a motion to approve the Executive Session Minutes as submitted. Mr. Walser seconded the motion and the motion carried.

III. LICENSING:

- A. Supplemental License Application for a Change of Ownership:** Sonoran Desert Institute. Represented by Paul Zagnoni.

Ms. Stanfill summarized the Board Report stating that DETC has approved the Change of Ownership, the new owner's intent to significantly change all student materials and review the current program offerings.

Mr. Walser was lead. Mr. Walser had several questions relating to the financial projections and the significant difference from the prior ownership to which Mr. Zagnoni explained.

Mr. Tharp asked if there was a DETC timeline to discontinue the programs when the school was still offering programs even when there were not any students enrolled. Mr. Zagnoni responded he was not aware of DETC timeline and the new owners were evaluating the program offerings.

Mr. Walser stated he had several questions regarding the students' materials, but based upon the new owner's statement that all documents were going to be revised, the questions did not seem applicable.

Action: Mr. Walser made a motion to approve the Supplemental License Application for a Change of Ownership with the stipulation that updated and revised student materials are sent to the State Board as soon as they are available. Ms. Miller seconded the motion and the motion carried.

B. Conditional (non-accredited) Degree-Granting License Application: Executive Academy of Scottsdale. Represented by Dr. Magdalena Carter, President, Greg Cutler and consultants Dr. Jamie Morley and Spring Zutes

Ms. Stanfill summarized the Board Report that explained at the August 23, 2012 Board meeting, the Board postponed action on the Conditional Degree-Granting License for Executive Academy of Scottsdale (EAS). The Board expressed several concerns: EAS's administrative knowledge, lack of available personnel and financial ability/available funds to operate a private, non-accredited degree-granting institution.

The Board requested EAS submit a Business Plan to address the Board's concerns. EAS has submitted the required Business Plan. Dr. Cutler explained that EAS has hired Education Consulting Solutions to assist in the operations of EAS. EAS has defined their competitive advantage in the market place for the MBA degree, focusing on entrepreneurs for starting their own business.

EAS has revised the student projections and increased the Surety Bond to \$45,000.00

Dr. Noone was lead. Dr. Noone had several questions focusing of the marketability of the program when there are several other institutions offering the MBA program. Dr. Cutler responded she believed the MBA program focusing on the entrepreneur will fill a "niche".

Dr. Noone also had questions on the 6 credit hour courses. Dr. Cutler responded she is using the model used by the California State University.

Dr. Noone raised the question regarding the marketing of the program and locating specific students. Dr. Morley explained the general marketing plan.

To address the Board's concerns regarding administrative capability, Dr. Morley and Ms. Zutes outlined the plans for staffing and beginning operations as they will be providing the services and support to EAS in the beginning. Mr. Pistillo requested an explanation on the Staff plan to which Ms. Zutes responded and explained the plan. Throughout discussions, Board members expressed their concerns regarding administration.

The Board also had several questions on the expenses in several areas.

Mr. Pistillo asked if EAS had sufficient financial resources available with expenses actually began to occur. Dr. Cutler explained the financial resources that they have available as well as they increased the Surety Bond to \$45,000.

There was also discussion and questions regarding the courses and the development of the courses.

Action: Dr. Noone made the motion to approve the Conditional Degree Granting License with the stipulations that the \$45,000 Surety Bond be maintained and required quarterly reporting. Ms. Miller seconded the motion and the motion carried.

C. Conditional (non-accredited) Vocational Program License Applications

1. Animas Pilates and Dance Studio. Represented by Becca Franks and Joan Franks

Ms. Stanfill summarized the Report for the Board. Ms. Stanfill corrected the Report stating Staff had not yet visited the school, but intends to do so next week. Ms. Miller was lead.

Ms. Miller requested clarification on "Apprenticeship" in the program name and if there was an organization that approves the Pilates programs. Ms. Franks explained the program has been developed so that the students are learning as apprentices to the teacher. Ms. Franks also explained the Pilates Method Alliance does have standards for the program, but does not approve the programs. The students will be eligible to sit for the certification exam offered by the Pilates Method Alliance.

Action: Ms. Miller made a motion to approve the Conditional Vocational Program application with the stipulation that the surety bond be maintained. Mr. Tharp seconded the motion and the motion carried.

2. Dental Technology Institute. Represented by Gary Hatch.

Ms. Stanfill summarized the Report for the Board. Mr. Tharp was lead.

Mr. Hatch explained that he has been working over the last 2.5 years in researching the rules, processes, market research, etc. in developing this program. Mr. Hatch also explained he has been a dental lab technician for many years and believes this program meets the need for trained dental lab techs.

Mr. Tharp asked Mr. Hatch to explain the job outlook for graduates. Mr. Hatch responded that the company he works for now hires over 125 dental lab techs a year. Mr. Tharp asked Mr. Hatch to explain the student projections and how he as the owner and operator would be able to adequately manage the school. Mr. Hatch summarized his plan of operation for the next two years.

Ms. Miller asked Mr. Hatch to explain how the hours and tuition for the program. Mr. Hatch explained he did research on existing dental assistant programs as well as reached out to other currently licensed schools. Ms. Miller asked Mr. Hatch to explain his payment plans.

Action: Mr. Tharp made a motion to approve the Conditional Vocational Program License with the stipulation that the surety bond be maintained. Mr. Walser seconded the motion and the motion carried.

3. Jackson Hewitt Tax School. Represented by Karen Solomon and Marisa Peterson, by phone.

Ms. Stanfill summarized the Report for the Board which explained that Jackson Hewitt Tax School was previously licensed in 2009; and began discussions in 2010 to determine if licensure was required. In October 2011, the Board determined that licensure was required and the application was received in July 2012. There are approximately ten individual locations offering the program, which are franchisees.

Mr. Pistillo was lead. Mr. Pistillo expressed his concern regarding the undefined fees and "no tuition." Ms. Solomon responded that the franchisees are independent business owners and have been given the flexibility to determine the fee that would be charged. Mr. Pistillo requested that fees on the enrollment agreement provide more clarity that would say the different offices can determine the amount charged, not to exceed \$199. Ms. Solomon agreed to make the revision.

Mr. Pistillo noted that the advertising contains the prohibited word "free". Ms. Solomon responded that the Arizona franchisees are aware that "free" cannot be used and that Jackson Hewitt will monitor the AZ advertising to be compliant.

Mr. Pistillo raised the question regarding the licensure of the franchisor, Jackson Hewitt Inc. or the individual franchisees. The Board members expressed their concern that the local franchisees, who do not hold the license, would not be responsible for any problems that may arise. Discussion ensued. Ms. Solomon stated that the corporate office, Jackson Hewitt, would assume all responsibility and liability for any actions of the franchisees.

Action: Mr. Pistillo made the motion to approve the Conditional Vocational Program License application with the stipulation that the \$15,000 Surety bond be maintained and the Board is provided a statement from Jackson Hewitt Inc. indemnifying any actions by the franchisees. Mr. Walser seconded the motion and the motion carried.

4. Urban Yoga. Represented by Melissa Randles (by phone), Mike Eckroat, Douglas Edgelow and Sierra Campbell.

Ms. Stanfill summarized the Report to the Board. Ms. Miller was lead.

Ms. Miller requested a clarification on the number of hours in the practicum. Ms. Campbell provided her explanation. Ms. Campbell also stated the program has been approved by Yoga Alliance.

Action: Mr. Miller made a motion to approve the Conditional Vocational Program application with the stipulation that the surety bond be maintained. Mr. Tharp seconded the motion and the motion carried.

- IV. Pima Medical Institute:** Rehearing/Review regarding Complaint #12-S007
Represented by Kristen Torres, Campus Director, Fred Freeman, COO, Mary Ilosvay, witness for PMI, PMI attorneys Thom Cope and Elizabeth Miller. Complainants: Kelly & Kevin Volant (co-signers) and A.V. student

Mr. Blanchard provided an overview of the complaint:

Complainant A.V. filed a complaint against Pima Medical Institute alleging she has been unable to secure gainful employment due to her non-immigration status. In her allegations, she stated was told during her enrollment process that upon completion of the two-year nursing program, A.V. would be able to obtain employment as a Registered Nurse in the United States. A.V. stated she was told by Mary Ilosvay, Director of Pima Medical Financial Aid that due to the shortage of nurses, prospective employers also would probably "sponsor Anna," and may reimburse her for the costs of her nursing education.

A.V. was unable to qualify for financial aid under Title IV because of her non-immigrant status. She held a H4 Visa, which would only allow her to attend college in the United States. A.V. asked Kevin and Kellie Volant if they would be willing to co-sign for a private loan. The Volant's alleged they were convinced to co-sign after their communication with Mary Ilosvay, then Director of Pima Medical Financial Aid.

PMI has maintained that A.V. met all admission requirements. She has successfully completed the A.A. program and passed all required tests as set forth by the Arizona State Board of Nursing.

At its meeting on January 26, 2012, the Board reviewed the complaint and voted to offer PMI the opportunity to enter into a consent agreement, which included a \$38,650.00 tuition reimbursement. PMI did not agree with the Board's determination and declined the offer to enter into a consent agreement.

At its meeting on April 26, 2012, the Board reviewed the Notice of Appeals submitted by PMI. The Board voted to allow PMI the opportunity to amend its appeal and request a re-hearing. The Board requested the institution to specify the grounds for the request for re-hearing pursuant to A.A.C. R4-39-503.

At its meeting on May 24, 2012, after the review of the appeal, the Board granted the motion for a re-hearing /re-re-view of the complaint.

Dr. Noone made a motion to go into Executive Session for legal advice. Mr. Tharp seconded the motion and the motion carried.

Regular meeting recessed: 12:20 p.m.
Executive Session begins: 12:21 p.m.
Executive Session ends: 12:27 p.m.
Regular meeting reconvenes: 12:28 p.m.

Dr. Noone asked the representatives from Pima Medical Institute (PMI) to come forward. Mr. Cope requested that Mary Ilosvay be heard. Mr. Cope did a question and answer with Ms. Ilosvay that explained her position and tenure with PMI and recounted the meetings she held with the Volant's. Ms. Ilosvay responded to the many questions of the Board regarding statements made to the Volants regarding the loans, school tour, if she was too optimistic regarding employability, and A.V.'s immigration status. Ms. Ilosvay responded that she was in financial aid and does not know anything about immigration so she would have referred them to

someone else; did not take the Volants' on a tour as it was something she would not do; she is very vigilant and knows what she can and cannot say with the students and has an "agenda" she follows. Ms. Ilosvay did not remember if she and the Volants' discussed the employability of A.V. Ms. Miller asked what questions did the Volants ask. Ms. Ilosvay responds they discussed the loan.

A.V. is asked questions by the Board. A.V. states that she knew she would only be eligible to work as a RN if she had a sponsor and that Ms. Ilosvay told her that would not be a problem. A.V. responds yes to Ms. Miller's question if she felt she was misled.

Mr. Walser asked A.V. if when she enrolled was she aware that she would not be able to work? A.V. responds that she knew she would not be eligible to work as her immigration status is an H4 and is required to have a sponsor. Mr. Walser asked A.V. if anything changed to her visa status during her enrollment at PMI. A.V. responds no.

Mr. Pistillo asked A.V. if Ms. Ilosvay promised her she would get a sponsor; A.V. responds that Ms. Ilosvay told her that getting a sponsor would be "easy" as nurses are in big demand. Mr. Pistillo asked if she would be able to work now. A.V. responds that her immigration lawyers have told her she would have to use her Bachelor's degree from the Philippines. AV's response does not answer the question.

Mrs. Volant addresses the Board and emphasizes that the immigration laws are so complicated and believes that it is not properly communicated by PMI employees and it should be writing.

Mr. Volant disputes Ms. Ilosvay comments and reiterates that Ms. Ilosvay says that A.V. would get a sponsor and that a sponsor may even pay the loan back. Mr. Volant states that Ms. Ilosvay did give them a tour. Mr. Volant states that they both understand loans and that their purpose in meeting with Ms. Ilosvay was to learn about the program and see if A.V. would be able to handle the program and if she would be able to be employed upon completing the program. He emphasizes that it is only logical if they are the cosigners that they would want to ensure their investment was going to work. Mr. Volant recounts their visit with Ms. Ilosvay and re-states that Ms. Ilosvay gave them reassurances that A.V. would be able to get a sponsor and employment. Mr. Volant states that Ms. Ilosvay does not remember the conversation and explains how enthusiastic Ms. Ilosvay was and that helped convince them to co-sign the loan.

Dr. Noone asked if the conversation was as Ms. Ilosvay states, would they have co-signed the loan? Mr. Volant responds no, they needed assurances and states they did not talk about visas and immigration but sponsorships and then in June 2012 is when they found out A.V. could not get a sponsor due to her H4 visa and that is why the complaint has been filed.

Mr. Walser expresses his concern that there are two credible witnesses and very different versions.

Ms. Miller expresses her concern that Ms. Ilosvay may have over-stepped her responsibilities and misled the student with an "inadvertent, over optimistic statement" for which PMI bears responsibility. But, it is still a "he said, she said". Ms. Miller states it could have happened and

asked if PMI would be willing to accept some responsibility that it may have happened, not intentionally but over optimistic.

Mr. Freeman agrees there is always a possibility, but how difficult to determine the reality, which both sides are polar opposites. Mr. Freeman agrees with Mr. Walser that both recollections cannot be true. Mr. Freeman notes that he has heard inconsistencies in the Volants' statements and that they did not remember Ms. Ilosvay's name in the beginning.

Board members asked Ms. Ilosvay additional questions. Ms. Ilosvay reiterates that she does not give the school tours and has only toured her family.

Ms. Torres states financial aid personnel do not give tours as they do not have the experience.

The Board discusses the recollections of both parties.

Ms. Miller asked if A.V. has a diploma and if A.V. is paid in full. Ms. Torres responds yes.

Ms. Miller reiterates her concern and asks PMI is there would be any consideration for a consent agreement for ethical reasons?

Mr. Cope responds PMI could discuss it, but it has been the position that nothing wrong has happened and that A.V. knew she did not have the right immigration status to be employable. Mr. Cope also contends that the Volants not a party in this matter and that A.V. was aware that she was not employable.

Mr. Freeman states they will consider an agreement.

Action: Dr. Noone made a motion to defer action until the next meeting to provide PMI and the complainants an opportunity to come to a resolution. Mr. Walser seconded the motion and the motion carried.

V. CALL TO THE PUBLIC: No one came forward.

VI. BOARD BUSINESS:

Executive Director's Report: Ms. Stanfill reported she amended the budget to include the new Program Manager as the Board requested, but not sure if the request will be funded.

Strategic Plan: Mr. Walser questions Goal 2, Strategy 1 regarding the statute of limitations and asked if it is when the student grievance procedure has been finished. Ms. Stanfill responds it is based upon the students last date of attendance.

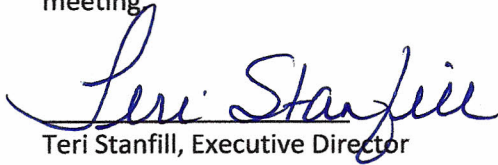
Dr. Noone suggested the statute of limitations be revised to read "one year after the student completes the student grievance procedure".

Action: Mr. Walser made a motion to approve the Strategic Plan with revisions that the statute of limitations be revised to read "one year after the student completes the grievance procedure." Mr. Tharp seconded the motion and the motion carried.

VII. **ADJOURNMENT**

The meeting adjourned at 1:30 p.m.

The minutes of the September 27, 2012 Board meeting were approved at the October 25, 2012 meeting.


Teri Stanfill, Executive Director