



UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

In the Matter of

Docket No. 08-64-SA

POWDER SPRINGS BEAUTY COLLEGE,

Federal Student
Aid Proceeding

ACN: 04-2007-96001

Respondent.

Appearances: Janet Tedford, President, Powder Springs Beauty College

Russell B. Wolff, Esq., Office of the General Counsel, United States Department
Of Education, Washington, D.C., for Federal Student Aid.

Before: Richard I. Slippen, Administrative Judge

DECISION

On December 4, 2008, Powder Springs Beauty College (Powder Springs) appealed the U.S. Department of Education's (Department) Final Audit Determination (FAD) dated October 23, 2008. On January 5, 2009, I issued an Order Governing Proceedings in the above-captioned proceeding. In my Order, Respondent's brief and exhibits were due on or before February 3, 2009. Upon receipt of Respondent's brief and exhibits, the Department's Office of Federal Student Aid's (FSA) brief and exhibits were due on or before March 3, 2009. Respondent has not submitted its brief nor requested an extension of time to file its submission. On February 24, 2009, FSA filed a Motion for Default Judgment in this proceeding. I ordered Respondent to show cause, on or before March 24, 2009, as to why I should not issue a default judgment in this proceeding. To date, the Respondent has failed to comply with my show cause order.

The October 23, 2008 FAD asserts that Powder Springs, operating as a proprietary institution of higher education, must meet several eligibility requirements in order to maintain its participation in the Title IV, Higher Education Act programs. See 34 C.F.R. § 600.5. Among those eligibility requirements is the mandate that an institution must at least annually have an independent certified public accountant conduct a compliance attestation (compliance audit and financial statements) audit of its administration of the Title IV programs(s) and an audit of the

institution's general purpose financial statements. This report must be conducted in accordance with the Department's Office of Inspector General January 2000 SFA Audit Guide and submitted to the Department no later than six months after the last day of the institution's fiscal year. See 34 C.F.R. § 668.23.

The FAD further asserts that the Department's records indicate Powder Springs failed to submit an audited attestation of the Institution's compliance with the Title IV program(s) for the period January 1, 2007 – December 31, 2007, as required by federal regulation 34 C.F.R. § 668.23. The audit should have been submitted through the Department's eZ Audit system no later than June 30, 2008. As a result of that failure, the FAD charges that Powder Springs violated 34 C.F.R. § 668.23 by failing to submit an audit for the period January 1, 2007 – December 31, 2007 and was required to return all unaudited Title IV funds disbursed during the unaudited period. The total of those unaudited funds is \$202,216.00 and the FAD demands that amount in Federal Pell Grants should be returned directly to the Department.

Pursuant to 34 C.F.R. § 668.117(c)(3), I have the authority and responsibility to terminate the hearing process and issue a decision against a party if that party does not meet time limits established pursuant to my orders. As such, I find that Respondent's failure to file a brief as ordered or respond to my Order to Show Cause warrants the termination of this proceeding. Further, after a review of the FAD, I am convinced that the findings contained therein sufficiently state allegations in a manner that would require Powder Springs to carry its burden of proof in this proceeding. 34 C.F.R. § 668.116(d). The lack of response to my orders reflects Powder Spring's failure to carry its burden of proof. Therefore, the FAD is affirmed and liability of \$202,216.00 is upheld.

ORDER

On the basis of the foregoing, it is hereby ORDERED that Powder Springs Beauty College pay to the U.S. Department of Education the sum of \$202,216.00.

Judge Richard I. Slippen

Dated: March 17, 2009

SERVICE

A copy of the attached document was sent to the following:

Janet Tedford
President
Powder Springs Beauty College
Powder Springs, GA 30127-2928

Russell B. Wolff, Esq.
Office of the General Counsel
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202-2110