



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

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In the Matter of

**Docket No. 10-04-SA**

**AMESED**

Federal Student  
Aid Proceeding

Respondent.

ACN: 06-2008-93396

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Appearances: Crystal Elliot, President, AmesEd

Denise Morelli, 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 January 27, 2010, AmesEd appealed the U.S. Department of Education's (Department) Final Audit Determination (FAD) dated July 27, 2009. On February 26, 2010, I issued an Order Governing Proceedings in the above-captioned proceeding. In my Order, Respondent's brief and exhibits were due on or before March 5, 2010. 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 April 9, 2010. Respondent has not submitted its brief nor requested an extension of time to file its submission. On April 20, 2010, FSA filed a Motion for Default Judgment in this proceeding. I then ordered Respondent, on or before May 13, 2010, to show cause 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 July 27, 2010 FAD asserts that AmesEd, 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 Programs. See 34 C.F.R. § 600.5. The FAD focuses on the audit report of Respondent's administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. This report was prepared by Philip Courtney Hogan, P.C., Certified Public Accountant, in accordance with FSA's Audit Guide and covers the period January 1, 2008 through August 31, 2008.

The Department reviewed Respondent's corrective action plan (CAP) provided with the audit and the additional information provided by the auditor in an email dated February 10, 2009. As a result of that review, the FAD asserts that AmesEd is liable to the Department for the following amounts detailed in 2 Findings:

Finding Number 08-1 for \$70,938 and  
Finding Number 08-3 for \$804.00

for a total liability of \$71,742.00

The basis of Finding 08-1's liability is the failure of Respondent to provide the Department's Common Origination and Disbursement, Direct Loan and School Participation Team, the necessary documents and information to substantiate Federal Pell Grant and Federal Direct Loan funds drawn down by AmesEd between 2007 and 2009. The basis of Finding 08-3 is the failure of the Respondent to provide evidence that it refunded Title IV funds to a student properly owed a refund documented in the audit report.

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 AmesEd to carry its burden of proof in this proceeding. 34 C.F.R. § 668.116(d). The lack of response to my orders reflects Respondent's failure to carry its burden of proof. Therefore, the FAD is affirmed and liability of \$71,742.00 is upheld.

### **ORDER**

On the basis of the foregoing, it is hereby ORDERED that AmesEd pay to the U.S. Department of Education the sum of \$71,742.00.

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Judge Richard I. Slippen

Dated: July 29, 2010

SERVICE

A copy of the attached document was sent by U.S. mail to the following:

Crystal Elliot  
President  
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