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

In the Matter of **GALIANO CAREER ACADEMY,** Respondent.	**Docket No. 11-71-SP** Federal Student Aid Proceeding PRCN: 2009-4042-6973

Appearances: Ronald L. Holt, Esq. and Julie J. Gibson, Esq., of Dunn & Davison, LLC, Kansas City, Missouri, for Galiano Career Academy.

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

Before: Richard F. O'Hair, Administrative Judge

DECISION

Galiano Career Academy (GCA), located in Altamonte Springs, Florida, was, until July 9, 2010, a participant in the various federal student aid programs authorized under Title IV of the Higher Education Act of 1965 (Title IV), 20 U.S.C. § 1070 *et seq.* and 42 U.S.C. § 2751 *et seq.* The Office of Federal Student Aid (FSA) of the United States Department of Education (Department) administers these programs. On August 9, 2011, FSA issued a Final Program Review Determination (FPRD) assessing a liability of $3,635,550 against GCA based on allegations it had disbursed Title IV funds to ineligible students (Finding 1); it did not satisfactorily complete the required verification of student financial aid applications (Finding 5); and it maintained inaccurate student ledgers (Finding 10). GCA filed a timely appeal of this determination on September 30, 2011, and requested a hearing. Briefs have been filed in this proceeding and an oral argument was conducted.

FSA conducted a program review at GCA from July 13-17, 2009. The program reviewers examined a sample of 30 randomly selected files of students who had received Title IV funds: 15 from the 2007/2008 award year, and 15 from the 2008/2009 award year.

Finding 1

In Finding 1, FSA alleges GCA awarded Title IV funds to students whose high school diplomas were invalid because they were issued by Columbus Academy (Columbus), an institution FSA labels a diploma mill. Without a valid diploma, FSA says these students were ineligible for Title IV funds. As a result, FSA demands the return of $1,137,921, an amount representing improperly disbursed Pell Grant and Federal Supplemental Educational Opportunity Grant funds, ineligible loans, and incidental liabilities.

Federal regulations define a student as one who is regularly enrolled in an eligible program at an eligible institution. Among other criteria, a student must have a high school diploma or its recognized equivalent or have a passing score on a specified ability to benefit (ATB) examination. 34 C.F.R. § 668.32. Although the statutes do not provide a definition of a high school diploma, they do describe it as a "certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate." 20 USC § 1091(d). There is further elaboration in FSA's 2007-2008 Federal Student Aid Handbook. In Volume 1, pp1-5 of that handbook, there appears an item labeled: What's a valid high school diploma? The response states that with the appearance of high school diploma mills, the institution should contact the department of education for the state in which the high school is located to determine if the high school diploma is recognized by that state. A year after this program review was conducted, FSA expressed its philosophy as to what constitutes a high school diploma mill in the Federal Register. There it describes a diploma mill as "an entity that offers a credential, typically for a fee, and requires little or no academic work on the part of the purchaser of the credential." 75 Fed. Reg. 66,889 (Oct. 29, 2010). FSA elaborates that additional indications a school may be a diploma mill are that it lacks any accreditation by an accrediting agency, and is usually conducted on line, with little or no contact with educators.

The program reviewers found that 17 students of the 30 sample files received their high school diplomas from schools that are suspected diploma mills. Thirteen of those were from Columbus and the remaining four were from three other known diploma mills. After GCA conducted a file review of its graduates for these two award years, it reported that approximately 270 students were awarded Title IV funds based upon their receipt of a high school diploma from Columbus. The FPRD concluded that Columbus was a diploma mill which provided invalid diplomas, and, as a result, these 270 students were ineligible for Title IV funds. FSA's opinion regarding GCA was based on the following facts. Columbus is owned by Mary Teresi, the wife of Mr. Galiano, owner of GCA; Columbus offered workshops at GCA; students didn't receive their diplomas until the completion of their program at GCA; Columbus had no physical, dedicated location (the address given belongs to a ceramic tile business owned by a relative of Ms. Teresi); no classes were taught at the Columbus' address; Columbus' 1-800 telephone number rang at the home of Mr. & Mrs. Galiano; proctors on the Columbus transcripts were friends or family members of the students, anyone who was available at the time the final examination was administered; no classroom attendance was required for Columbus graduation;

transcripts and diplomas from Columbus will not transfer to other colleges. FSA provided additional evidence indicating Columbus offers diplomas for $199; Columbus reports that most students complete the program in two to four weeks; there is no formal academic instruction; it provides the students with study materials and this is followed by a final examination which can be taken as many times as necessary to pass. After reviewing all these characteristics FSA concluded that this program constituted a diploma mill and its diplomas could not possibly be the equivalent of a certificate of graduation from a school providing a secondary education.

GCA insists the high school diplomas earned by graduates of Columbus were legitimate and provided those students with eligibility to receive Title IV funds. GCA maintains that Columbus is recognized and listed by the Florida Department of Education as a registered private school, and it appears on Florida's "Schools Choices" listing. GCA admits that Florida does not regulate or accredit public high schools, but only requires them annually to register and provide information as to the type of institution, its administrative personnel, enrollment and student outcome data, and number of days the school is in session. In addition, GCA points out that, since it is Florida's policy not to regulate private schools, the state does not require actual attendance at a private high school if it offers classes through a correspondence program, as Columbus does. The Schools Choices listing is made available to the public, and GCA admits it frequently consulted this listing to ensure Columbus was on it. GCA says there is nothing in the School Choices list which suggests Columbus is not qualified to issue graduation diplomas, and that FSA has not been helpful in guiding Title IV institutions in evaluating private high schools. GCA points out that, in the absence of a definition of a high school for Title IV purposes, the only guidance FSA offered to a participating institution which was attempting to determine whether a private school is legitimate, or a diploma mill, was to refer the school to the state department of education. GCA followed this advice by consulting the Florida Schools Choices listing and believes that, absent a determination from any source that Columbus was an unacceptable high school, it reasonably concluded that diplomas from Columbus satisfied Title IV eligibility requirements.

GCA denies it was financially or contractually affiliated with Columbus, and says it did not administer Columbus' tests or workshops as the FPRD alleges. In this regard, GCA says the three students who reported that GCA administered Columbus programs on the GCA campus by GCA staff, proctored its exams, and withheld Columbus diplomas until completion of their GCA programs are mistaken. GCA defends itself against this charge by suggesting the students were perhaps misconstruing a series of informational workshops GCA offered to assist potential students prepare for taking an approved ATB examination, or the workshops which provided other options to those students who had no high school diploma. At those workshops, GCA personnel described those options, which included participating in the GED program or attending a private high school; GCA recommended three high schools, of which Columbus was one. GCA's owner provided an affidavit in which he states that GCA and Columbus were separately owned and operated, and that Mary Teresi, his wife and Columbus' sole owner and instructor, and he have been separated since 2007. Mr. Galiano says that even though GCA is no longer in operation, Columbus is still graduating students and their diplomas are recognized by various institutions. In support of this GCA offers letters from Daytona State College, Edison State College, and Florida State College, all indicating they would put Columbus on their approved high school list.

GCA's final argument is that even if FSA is correct in finding Columbus students were ineligible because they lacked a valid high school diploma, those students who had completed a minimum of the equivalent of 6 credit hours (9 quarter credits at GCA) of their studies at GCA should be determined to be eligible pursuant to 34 C.F.R. § 668.32(e)(5). That provision, which was in effect during the award years in question, provided eligibility for any student without a high school diploma following completion of 6 credit hours at an eligible post-secondary institution.

FSA presented information in its briefs, supplementing the findings in the FPRD, to support its allegation that Columbus was a diploma mill and GCA knowingly admitted approximately 270 students with invalid high school diplomas from Columbus. FSA initiated this program review because it found an excessively high number of former GCA students did not possess a high school diploma or GED certificate, thus they were required to take an ATB examination to qualify for eligibility. FSA's National Loan Student Data System showed that 54% of GCA's students in the 2005-2006 award year were in this category, as well as 42% in the 2006-2007 award year. When questioned about this unusually high rate by the program reviewers, GCA explained it had resolved this problem for the 2007-2008 award year in that only 19% of those students took the ATB examination. When reviewing a statistical sample of 30 students from the 2007-2008 and 2008-2009 award years, the reviewers found 12 of the students graduated from Columbus, which began operation on October 8, 2007. The opening of this new private school allowed GCA to grant Title IV eligibility to its recent high school graduates beginning in the 2007-2008 award year.

FSA stresses that Columbus clearly falls within its definition of a diploma mill, found in the Federal Register, *supra,* as "an entity that offers a credential, typically for a fee, and requires little or no academic work on the part of the purchaser of the credential." Applying Columbus' attributes, FSA points out that Columbus offers a diploma for $199, it suggests that most students finish the program within two to four weeks, there is no attendance policy, and seemingly there is no academic interaction of any kind. The students receive study materials and have an unlimited opportunity to take a graduation exam until they receive a passing grade. Based upon this analysis, FSA insists Columbus is a diploma mill; and, therefore, its credentials do not satisfy Title IV requirements. To illustrate the operation of the Columbus-GCA connection, FSA highlighted the educational history of Student #21. She enrolled in GCA on March 13, 2009, but did not graduate from Columbus until March 25, 2009. The proctor for her Columbus graduation examination was her boyfriend who had no prior association with Columbus. FSA provided other evidence that Columbus final examinations were "proctored" by, in one case, a student's mother, in another case by the student's brother. Neither of these proctors had any affiliation with Columbus. Finally, there is evidence that some Columbus

students took their graduation examination at GCA's facility, and GCA concedes this may have happened from time to time.

In response to GCA's claim that other schools have communicated to GCA that they would recognize Columbus diplomas, FSA points out that this is of no value here because it has no way of knowing what other information these other schools may have relied upon in accepting these students and whether they use these diplomas for purposes of Title IV eligibility or just general acceptance into their academic programs. FSA also gives no weight to what it describes as Mr. Galiano's self-serving representation that there is no business connection between GCA and Columbus, and that he periodically checked to ensure Columbus was still on the Florida School Choices listing. FSA explains that since the state does not regulate or monitor private schools, this listing is a worthless document for evaluating the merit of the schools on its list and deciding whether they offer a valid diploma. From all these facts, FSA asks that I find Columbus was a diploma mill, and that GCA knowingly used it as such to attempt to secure Title IV funding for otherwise ineligible students.

FSA disputes GCA's alternative argument that a number of Columbus graduates earned their eligibility following their completion of the equivalence of 6 credit hours of classes at GCA, an acceptable credential upon which to base eligibility in the absence of a high school diploma. FSA admits this was an acceptable alternative until it was repealed on December 23, 2011; however, it argues that for these credit hours to be used to satisfy this regulatory provision, they must have been earned before the student's enrollment at GCA, not after. FSA's theory is that if a student is awarded funds based upon a claim it had a valid diploma from Columbus, this student's purported Title IV eligibility renders the student ineligible through this six-hour equivalence period. In support of this, FSA points out that if a student, without a high school diploma, is awarded eligibility based upon passing an ATB test which is later determined to have been improperly administered, the student cannot obtain eligibility retroactively by re-taking an ATB test. *See, In the Matter of Hamilton Professional Schools*, Dkt. No. 02-49-SP, U.S. Dept. of Educ., (Jun. 11, 2003).

As in all 34 C.F.R. § 668, Subpart H proceedings, GCA bears the burden of proving the questioned expenditures were proper and that it complied with all program requirements. 34 C.F.R. § 668.116(d). For Finding 1, GCA has the burden of proving that the recipients of Title IV funds were eligible recipients because they possessed either a high school diploma or its equivalent. 34 C.F.R. § 668.32(e)(1). In this instance, GCA relied upon diplomas issued by Columbus to make a Title IV eligibility determination for 270 of its students who had no other high school diploma at the time of their application. Despite GCA's arguments to the contrary, I find Columbus' diplomas fall short of what would be a reasonable interpretation of the meaning of a high school diploma. Using FSA's categorization, it is clearly a diploma mill. In return for a tuition payment, the student, without any instruction or training, either on-line or in a traditional classroom, received a diploma just as soon as the student passed what I assume to be a graduation examination. The exams could be taken as many times as necessary to pass, in any location, and proctored or supervised by the nearest, available adult. I am confident this private high school scenario is not what the formulators of the pertinent regulations requiring students to hold a high school diploma had in mind when they charged institutions with making a determination of a prospective student's eligibility for Title IV funds. It is unfortunate some of

the guidance/interpretation FSA has provided me on this issue was not published until 2010 and, therefore, not available to GCA prior to its acceptance of GCA diplomas. However, this guidance does not appear to be novel, but is only a reasonable interpretation of what factors should have alerted GCA that Columbus was a diploma mill.

GCA's reliance on the fact Columbus appears on the Florida's School Choices listing is grossly misplaced. This listing is nothing more than a telephone book of private schools operating in the state. There is no question Florida does not regulate or accredit these schools; and, consequently, it neither endorses nor discredits any of these institutions. GCA complains FSA did not provide an adequate definition of a high school for participants to make an informed decision. In this case, if GCA seriously questioned Columbus' legitimacy it could have sought assistance/guidance directly from FSA. GCA has contacted several post-secondary schools within the state and they have indicated they would welcome students with a Columbus diploma; however there were no firm commitments of acceptance of these graduates or an indication as to what weight would accorded these diplomas, and certainly no proclamation they would find Columbus graduates eligible for Title IV funds. Even though some of the guidance FSA provided to institutions to evaluate the credibility and validity of a purported high school diploma was not very exact, and some also a little late, I believe GCA had a sufficient arsenal of tools for critically evaluating the validity of a Columbus high school diploma. Apparently GCA did not use these tools to its advantage. Accordingly, I find Columbus was not a legitimate, secondary institution, and the diplomas it issued were invalid for Title IV purposes.

I further find I must agree with FSA on its position that a student's Title IV eligibility must be determined prior to the beginning of an educational program, and that if the eligibility status is incorrect, it cannot be retroactively awarded if a deficiency is later corrected. Accordingly, if a Columbus graduate at GCA is erroneously granted Title IV eligibility and subsequently completes six credit hours (nine quarter credits at GCA), this alternative to a high school diploma cannot be used to correct the error and confer eligibility *ab initio*.

Based upon the reasons set forth above, I affirm Finding 1 of the FPRD which demands the return of $1,137,921.

Finding 5

Finding 5 addresses GCA's award of Title IV funds to students without properly verifying required financial aid information. The regulations authorize an institution to require a Title IV applicant to verify personal information in its file, such as gross income, taxes paid, family size, family members in college, and untaxed income and benefits. 34 C.F.R. § 668.54(a)(2). However, the institution may not be required to verify any more than 30% of its total number of applicants. Id. During the program review, FSA requested GCA to verify the financial aid applications of 100 students from the 2007-2008 award year. FSA rejected the verification GCA submitted because its auditor failed to include 20 of the 100 students selected for verification, and failed to comment on a number of students in the remaining 80. The auditor explained he did not verify the files of 20 students because he did not have their files. As a result, FSA rejected the attestation of the verification attempt and assessed a liability of $517,477. The missing 20 files were subsequently recovered from the IG's office and verified

by the auditor. The verification disclosed discrepancies in five files, and documentation was missing from five other files. Following a review of the supplemental verification, FSA accepted the attestation and the auditor's projection of liabilities to the applicable universe of students in this award year, resulting in a liability of $49,060.

Despite the significant reduction in the liability FSA is seeking for this finding, GCA still objects that it should not have been required to perform a verification for the 2007-2008 award year because there were insufficient errors found in the initial sample to get over the 10% error-rate threshold set by FSA. It points out that FSA only found two errors in the 15 files from the 2007-2008 award year, resulting in an initial error rate of 13.33%. GCA maintains that it ultimately resolved the issues for those two student files, resulting in no change in the amount of the Title IV award, thereby bringing the error rate to 0% and obviating the need for this verification. In support of its argument it relies on *In the Matter of La Lan 2000 Computer Training Center,* Dkt. No. 05-50-SP, U.S. Dep't of Educ. (Aug. 20, 2010), wherein the tribunal excused respondent from having to conduct a full file review. This decision followed La Lan's submission on appeal of documents found to be missing at the time of the program review, and which showed that questionable disbursements of monies had been reversed.

I find GCA's argument that it should not have been required to conduct verification to be without merit. It is well-established that the time for determining whether the 10% threshold is met for deciding whether to order further verification for an award year is at the time the specific errors were discovered in the sample of files being reviewed. *In the Matter of St. Petersburg College*, Dkt. No. 08-19-SP, U.S. Dep't of Educ. (July 9, 2010). It is these errors which provide the program reviewers with doubts the information contained in the applicants' files are correct and worthy of a sense of trust; and it is these doubts which justify the order for a more comprehensive verification proceeding of no more than 30% of the applicants. It is admirable if the institution is able to verify the questioned documentation and eliminate any ambiguities, but this does not eliminate the fact the institution, at some prior point, failed in its responsibilities to ensure all data in the students' applications were correct. It is the existence of these errors which call into question the correctness of the remainder of the student files and dignify the need to perform a much broader verification of files. The issue here is that errors were found in GCA's student files. *La Lan, supra,* supports an argument that if the missing documents were in existence at the time of the program review but were overlooked by the reviewers, and were provided by the institution at a later time, then the institution should be relieved of liability for that finding. That is not the case here. GCA's subsequent resolution of errors found by reviewers in student files does not negate the initial finding of errors and the institution's obligation to perform verification. I affirm this finding, but reduce the liability to $49,060, the amount found in the Corrected Attestation Report from GCA's independent auditors.

Finding 10

The regulations require institutions participating in Title IV programs to establish and maintain comprehensive, accurate program and fiscal records related to their Title IV program funds. These records must account for the receipt and expenditure of Title IV funds by reflecting each Title IV program transaction, and separate those transactions from all other institutional financial activity. 34 C.F.R. §§ 668.24(a) and (b). During their visit to GCA, the program reviewers identified Title IV transactions which were discrepant with the Title IV aid posted on eleven student account ledgers. Additionally, the program reviewers received complaints from several students that their Florida Workforce Development Funds (Workforce) were not properly posted to their account ledgers and excess funds had not been paid to them. The reviewers were able to confirm that, for two of the three students in their sample who were intended recipients of these funds, the funds were missing from their account ledgers. As a result of these findings, GCA was required to conduct a file review of the account ledgers for all Title IV recipients in both award years to determine the following: 1) the amount of missing Title IV aid; 2) the amount of missing Workforce monies; 3) recalculate Title IV eligibility using missing funds; 4) reconcile disbursement amounts/dates, and; 5) correct discrepancies.

Following its file review, GCA was required to engage an independent public accountant to test GCA's file review. As to the eleven discrepant account ledgers from the original sample, the FPRD reports GCA was not able to properly resolve issues in four of them. Upon submission of the results from the file review, the program reviewers found so many errors they concluded FSA could not reasonably rely upon the file review to establish liabilities. FSA says reconciliation of these accounts was further complicated because GCA did not submit copies of the corrected student ledgers for FSA to use in its own verification procedure. This inadequate file review prompted FSA to declare that all Title IV funds disbursed during the 2007/2008 and 2008/2009 award years, $3,635,550, were a liability.

On appeal FSA continues to maintain that GCA's auditor cannot account for a significant amount of the Title IV funds it received and this calls into question the legitimacy of the file review. In support of this allegation, FSA relates that GCA submitted 817 student ledgers on appeal, covering the period 2005 through 2010. To test this file review, FSA obtained a list of all GCA students who had received Workforce funds during the two award years in review; there were 139 GCA students in this listing. After reviewing the first 49 of those 139 records, FSA found 71 errors in Pell Grant disbursement dates, and 90 errors in Direct Loan disbursement dates. Admittedly, many of the date inconsistencies amounted to a difference of only a few days, but FSA asserts this still represents a failure to follow FSA accounting rules and a significant of loss to FSA because interest begins to accrue on the date of FSA disbursement to the institution, not the dates GCA posted the amounts to individual student accounts. In addition to these inconsistencies in amounts and dates of disbursements between the ledger cards and FSA's own records, there also were missing entries in the ledgers for 13 listed students. FSA says that on appeal GCA submitted 61 ledger cards it had not provided its auditor, explaining they reflected disbursements outside the two award years. FSA reviewers examined these 61 ledgers and discovered 41%, or 25 out of the 61 ledgers contain Title IV disbursements for these award years, and all but one of these 25 contain some discrepancy, either dates and or amounts of disbursement do not coincide with FSA or Workforce records, or entries are missing.

GCA denies it failed to maintain accurate records in its role as a fiduciary of the Title IV funds it disbursed and it asserts that the liability for this finding is based upon nothing more than "minor record-keeping discrepancies in the amount or timing of entries on only four student ledgers out of 30 sampled students." It believes FSA is entitled to recover only actual losses, and because it believes it resolved all of the discrepancies in the ledgers and has maintained accurate records as a fiduciary of Title IV funds, no liability should be assessed. It argues that after it completed the file review it corrected a sufficient number of deficiencies to bring the percentage of errors below the 10% error level, meaning no file review should have been ordered. It also argues it should not be held responsible for any ledgers it could not locate because none of the files were in its possession, but had to be retrieved from FSA's regional office and this was complicated by the fact the files were in a state of disarray.

In contesting FSA's demand for the return of all Title IV funds it disbursed during the two award years, GCA cites two authorities. It argues that the first case, *In the Matter of Demarge College*, Dkt. No. 04-39-SP, U.S. Dep't of Educ. (July 31, 2009), justified FSA's order to return all Title IV funds where there was a large number of inaccurate, inconsistent or contradictory student files which demonstrated the institution was grossly negligent in performing its duty to keep accurate and reliable records. In the second case, *In the Matter of National Training Service, Inc.*, 92-101-SP, U.S. Dep't of Educ. (Oct. 6, 1995), the tribunal upheld the order to return all Title IV funds where the institution refused to correct cited errors or perform the ordered full file review. GCA distinguishes the facts of its situation from those present in the above two cases by emphasizing that it made all appropriate corrections to student ledgers FSA challenged, and it performed the full file review which showed error rates of only 9% for the 2007-2008 award year and a 16% error rate for the 2008-2009 award year. Thus, it argues these error rates do not suggest a wholesale failure of its recordkeeping and fiduciary responsibilities, but rather supports the theory its liability should be limited to these two error-rate percentages.

FSA maintains that GCA's file review was unacceptable because it failed to include the files of non-Title IV Workforce funds on spreadsheets it submitted. GCA responds that it was not tasked to include all Workforce funds, only the "missing" funds. GCA explains that its audit discovered only two cases of missing funds, and its explanation for those two cases was that its financial aid staff did not know what to do with those funds when the school received them because the students had already graduated. GCA says it conducted a later self-audit after the Workforce office provided it with a listing of all students who received Workforce funds. This self-audit identified missing funds for 10 students, and these funds were either returned to Workforce or sent to FSA to reduce the students' loan debts. GCA explains this missing funds situation as a combination of staff errors and computer problems it experienced during this period of time. Accordingly, GCA maintains that after these corrective measures were taken there were no longer any "missing" Workforce funds. GCA says it actions refute FSA's allegation that its file review was unacceptable; and, therefore there is no justification for the return of 100% of the Title IV funds it disbursed. GCA further requests that, if the tribunal finds accounting errors were committed, its liability be reduced to $424,501 which is based on the percentage of discrepancies verified by its independent auditor.

The issue in this finding is, as described by FSA, whether GCA, through a file review conducted by its auditors, has provided FSA with an accounting of Title IV funds disbursements which satisfied its responsibilities as a fiduciary of federal funds to provide an accounting upon which reliance can be placed. In other words, is GCA's accounting so deficient that it is worthy of no more consideration than an unperformed accounting might be? In this instance, I believe the answer is yes. At every turn since the performance of the program review, GCA supplied student ledgers that had totally unacceptable error rates. Its own auditors found ledger error rates of 9% for the 2007-2008 award year, and 16% for the 2008-2009 award year. With respect to another 61 ledgers it admittedly did not provide to its auditors because it believed there were no date-relevant funds disbursed to these students, FSA found 25 ledgers which contained Title IV disbursements and that 24 of the 25 had errors. Admittedly most of these errors primarily consisted of only incorrect dates of disbursement. GCA would like to discount these errors as minor; however, as pointed out by FSA, interest is computed as of the date of disbursement, not the date GCA posted these transactions on its records, and that the interest on these disbursements compound themselves. FSA has issued regulations addressing the proper dating of these transactions and GCA apparently disregarded them.

Given the relatively high file review error rates assessed by its own auditors, and the instance where 61 additional ledgers were produced which GCA did not believe needed to be examined by its auditors but which showed that 24 of 25 relevant ledgers contained errors, I must conclude GCA's history as a fiduciary of Title IV funds evidences significant lapses of professionalism, and provides no basis for having any confidence that the Title IV program at GCA was properly administered. Accordingly, I affirm this finding. GCA should be ordered to return the Title IV funds it disbursed during the 2007-2008 and 2008-2009 award years.

Although I have determined in all three findings that GCA must return Title IV funds, it is not my intention to order GCA to return more Title IV funds than it was awarded, as this would represent an unwarranted duplication of liabilities. Accordingly, I approve a return of all funds it received during the two award years in question, plus appropriate incidental expenses, for a total of $3,635,550.

ORDER

On the basis of the foregoing, it is hereby **ORDERED** that Galiano Career Academy pay to the U.S. Department of Education $3,635,550.

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Judge Richard F. O'Hair

Dated: December 6, 2012

SERVICE

A copy of the attached initial decision was sent by certified mail, return receipt requested, to the following:

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