



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

In the Matter of

Docket No. 16-51-ST

WARDS CORNER BEAUTY ACADEMY,

Federal Student Aid Proceeding

Respondent.

Appearances: William A. Lascara, Esq., James T. Lang, Esq., and Jesse B. Gordon, Esq.,
Virginia Beach, VA., for Ward's Corner Beauty Academy.

Angela L. Sierra, Esq., Office of the General Counsel, U.S. Department of
Education, Washington, D.C., for the Office of Federal Student Aid.

Before: Judge Ernest C. Canellos

DECISION

Wards Corner Beauty Academy (Wards) is a proprietary, post-secondary educational institution located in Norfolk, Virginia, providing programs in cosmetology and barbering. It was eligible to participate in the federal student financial assistance programs that are authorized under Title IV of the Higher Education Act of 1965, as amended (Title IV). 20U.S.C. § 1070 *et seq.* and 42 U.S.C. § 2751 *et seq.* Within the U.S. Department of Education(ED), the office of Student Financial Assistance (FSA) is charged with oversight of these programs.

In order to maintain its Title IV eligibility, an institution is required to first gain and then maintain accreditation status from a nationally recognized accrediting agency, designated as such by the Secretary of Education. Wards was accredited by the National Accrediting Commission of Career Arts & Sciences (NACCAS) until March 17, 2016. On that date, Wards was notified by NACCAS that it was withdrawing its accreditation. Wards appealed that decision, and on October 13, 2016, NACCAS affirmed its withdrawal action and notified the ED of such action. Having lost its accreditation from its sole accrediting agency, Wards effectively lost its eligibility to participate in the Title IV programs.

On November 1, 2016, upon receipt of information of final withdrawal of accreditation from NACCAS, FSA imposed an emergency action and also informed Wards that it was intending to terminate its eligibility to participate in Title IV programs. On November 21, 2016, Wards filed a notice of appeal. The Emergency Action constituted a preliminary matter in which

Wards had the right to Show Cause why that action was not appropriate. On January 26, 2017, I found that the test for the appropriateness for the initiation of an Emergency Action, promulgated in 34 C.F.R. § 668.83 (c)(1) (i), (ii), and (iii), had been established and, therefore, ordered that the Emergency Action continue in force during the pendency of this termination action. In this proceeding, FSA has the burden of persuading me that the termination action it has taken is appropriate. In that vein, FSA points out that Wards is no longer a Title IV eligible institution because it no longer possesses one of the prerequisites to such eligibility, i.e. valid accreditation. In addition, FSA points out that I, as the hearing official, have no authority to consider challenges to the action of the accrediting agency. *See*, 34 C.F.R. §600.41 (e) (1).

Separately, Wards moved for a Temporary Restraining Order (TRO) against NACCAS, before the U.S. District Court for the Eastern District of Virginia -- on November 14, 2016, the Court found that NACCAS' decision on the withdrawal of Wards accreditation was entitled to deference and that Wards was unable to meet its burden for issuance of a TRO. In its brief before me, Wards informs me that that the Court still has jurisdiction over the matter and is actively considering the issue on its merits. As a consequence, Wards requests that I either dismiss this action or stay the proceedings until the Court issues its decision.

FINDINGS and ORDER

However, the law and previous decisions of Judges in the Office of Hearings and Appeals dealing with the loss of accreditation are abundantly clear on the subject. Accordingly, I find that the termination action initiated by FSA against Wards complied with the applicable laws and regulations. Further, it is hereby ORDERED that the termination action against Wards Corner Beauty Academy is AFFIRMED.



Ernest C. Canellos
Chief Judge

Dated: February 27, 2017

SERVICE

A copy of the attached decision was sent by certified U.S. Mail, to the following:

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