



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

UNITED STATES OF AMERICA  
DEPARTMENT OF EDUCATION

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 In the Matter of ) Proceeding to Impose a Fine  
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 D'OR SCHOOL OF COSMETOLOGY ) H.E.A. Sec. 487,  
 and ) 20 U.S.C. Sec. 1094  
 D'OR BEAUTY COLLEGE, INC. )  
 )  
 Respondents. )  
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FINAL DECISION OF THE SECRETARY

Respondents, two proprietary cosmetology schools in Chicago Illinois, both of which are owned by Tom D'Or, timely notified the Secretary that they intended to appeal the fine imposed upon them in the Initial Decision of Administrative Law Judge Walter J. Alprin, dated August 18, 1988. After a briefing schedule had been arranged, Respondents' attorney informed the Secretary that no brief or further documents would be submitted, but he did not formally withdraw the appeal. The Secretary has therefore reviewed the Initial Decision, and issues this Order of Final Decision, which AFFIRMS the decision of the Administrative Law Judge.


On June 11, 1987, the Department of Education ("ED") informed Respondents that audits were missing for the greater part of the period 1981-86. Respondents have, since 1977, received \$1.5 to \$2 million in student financial aid funds under the Graduate Student Loan and Pell Grant Programs. Both programs require that participating institutions submit outside audit reports as a condition of eligibility. 34 C.F.R. Sec. 682.612(e) and 34 C.F.R. Sec. 690.84(b).

Over the next year, ED granted Respondents' accountant several extensions to file, but only a small part of the required audits was submitted. Following a hearing held on August 3, 1988, Respondent College was fined \$15,000, and Respondent School \$10,000. Respondents thus had almost fourteen months from the date of ED's letter until the hearing and did not, and still have not, submitted the audits for the periods in question.

The Secretary concludes that the Administrative Law Judge's decision, based on Respondents' failure to submit required audit reports over a long period of time despite repeated warnings, is justified by the record.

The Secretary therefore adopts and AFFIRMS the Initial Decision of the Administrative Law Judge.

This Order of Final Decision is dated this 12<sup>th</sup> day of December, 1988.

  
Mauro F. Cavazos  
Secretary of Education