



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE SECRETARY

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In the Matter of

**PEDIGREE CAREER INSTITUTE,**

Respondent.

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**Docket No. 96-95-SF**

Student Financial Assistance  
Fine Proceeding

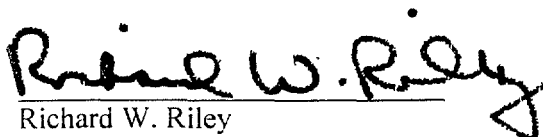
**DECISION OF THE SECRETARY**

The office of Student Financial Assistance Programs, (SFAP) U.S. Department of Education, issued a notice of intent to fine Pedigree Career Institute, (Pedigree) in the amount of \$20,000.00 in accordance with 20 U.S.C. section 1094 (C)(3)(B) and 34 C.F.R. section 668.84. SFAP's fine notice claimed that Pedigree failed to submit its Perkins Loan data to the National Student Loan Data System, (NSLDS) by August 31, 1995, as directed by the Secretary pursuant to 34 C.F.R. section 668.14(b)(7). Pedigree appealed, requested a hearing. Although Pedigree did not deny that it failed to submit the loan data, Respondent's president explained that, as a new owner of the institution, he erroneously assumed that the servicer was responsible for reporting requirements. In addition, Respondent's president stated that he was unaware of the reporting deficiency, but conceded that he should have been responsible for the insuring that the data was properly submitted to NSLDS. Despite its error, Respondent asserted on appeal that the fine issued by SFAP was excessive and would force the closing of the school if upheld. On December 4, 1996, Judge Ernest Canellos rendered his decision accepting Respondent's "uncontroverted explanation" of its delay in reporting the data in question and imposed a fine of \$1,000.00. In the Matter of Pedigree Career Institute, Docket No. 96-95-SF, p. 2 (December 4, 1996). SFAP now appeals that decision, arguing the amount of the fine imposed is insufficient. SFAP seeks a fine of \$20,000.00.

The nature of the offense and the "mitigating effect of Pedigree's small size" were properly considered by Judge Canellos. Id. The fine imposed by the Court, however, was insufficient. Therefore, as authorized by 34 C.F.R. section 668.92(c), I affirm the Court's decision while modifying the amount of the fine.

**ORDER**

It is hereby ordered that Pedigree Career Institute immediately and in a manner prescribed by law, pay a fine in the amount of \$10,000.00 to the United States Department of Education.

  
Richard W. Riley

Washington, DC  
September 30, 1997