THE SECRETARY OF EDUCATION
WASHINGTON, DC 20202

In the matter of

INSTITUTE OF MEDICAL EDUCATION,

Respondent.

Docket Nos. 12-59-SA
13-58-SP
Federal Student Aid Proceeding

DECISION OF THE SECRETARY

These cases come before me on appeal by the Institute of Medical Education (IME or Respondent). The Initial Decisions (Dkt. Nos. 12-59-SA and 13-58-SP) were heard and decided separately by Judge Ernest Canellos on February 14, 2013, and by Judge Richard O'Hair on January 13, 2014, respectively. Due to the nature of the cases and the overlapping arguments therein, I hereby join the cases for purposes of this decision.

The Institute of Medical Education was a proprietary institution of higher education that participated in the Federal student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (Title IV). 20 U.S.C. § 1070 *et seq.* and 42 U.S.C. § 2751 *et seq.* IME was accredited by the Western Association of Schools and Colleges - Accrediting Commission for Schools (WASC) until October 26, 2010. After an 18-month grace period during which IME failed to secure alternate accreditation, IME withdrew from participation in Title IV programs on February 7, 2012, and ceased providing instruction. The institution subsequently closed on July 19, 2012.

In the first case (IME-1), an audit case heard by Judge Canellos, Respondent appealed the Final Audit Determination (FAD) issued by the Office of Federal Student Aid, U.S. Department of Education (the Department or FSA) on September 7, 2012. FSA determined that Respondent failed to submit a close-out audit, as required by 34 C.F.R § 668.26(b)(2)(ii), within 90 days of its closure. Liability was assessed at $1,805,916.03, which is the equivalent of all funds drawn down since the previous audit period.[1] IME timely appealed this decision. The hearing official determined that Respondent failed to submit a close-out audit or an acceptable substitute and sustained the FAD and corresponding liability in full.

[1] The amount includes $1,499,482.00 in Pell Grants; $488,092.03 for Direct Loans, Estimated Actual Loss; and $177,300.00 in Closed School Loan Discharges, for a total of $2,164,874.03. FSA subtracted $358,958.00 for a letter of credit it collected, resulting in a demand for the return of $1,805,916.03. In the absence of a close-out audit, unless an institution can otherwise account for the Federal funds received, it is liable for all Title IV funds received since the last submitted audit. *See, e.g., In re Midland Career Institute*, Dkt. Nos. 96-140-SP and 96-141-SP, U.S. Dep't of Educ. (July 30, 1998); *In re Excelsis Beauty College*, Dkt. No. 98-108-SA, U.S. Dep't of Educ. (Oct. 4, 1999); *In re Harrison Career Institute*, Dkt. No. 07-55-SA, U.S. Dep't of Educ. (May 15, 2008).

In the second case (IME-2), a program review case heard by Judge O'Hair, Respondent appealed the Final Program Review Determination (FPRD) issued by FSA on August 23, 2013. The FPRD contained eight findings of program violations during the 2010-2011 and 2011-2012 award years, and FSA assessed liabilities at $8,378,031.72, the equivalent of all Title IV funds received by IME during those years, plus other charges.[2] IME timely appealed this decision, and the hearing official sustained the FPRD in full, stating that Respondent submitted no evidence to undermine the FPRD or refute the findings.[3]

Respondent now seeks my review of both of these decisions.[4] In the two appeals before me, Respondent proffers a number of arguments, several of which are common to both cases. It is for this reason that I am issuing the decisions in the two cases together. In both cases, Respondent bears the burden of proof by a preponderance of relevant and credible evidence that the Title IV funds at issue were lawfully disbursed.

I

On May 14, 2013, Respondent appealed the Initial Decision rendered by Judge Canellos (IME-1). IME presents four arguments on appeal.[5] Its primary argument is that it did not receive the opportunity to present evidence or witness testimony through an administrative hearing. Next, regarding the close-out audit, IME states that it cannot perform the audit without authorization or without first going through the appeal process with an administrative hearing. Finally, as a substitute, IME asserts that its Common Origination and Disbursement (COD) report demonstrates that all disbursements for the 2011-2012 program years have been made and submits a print-out of a School Account Statement e-mail as evidence.[6]

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[2] It is well-established that where the institution fails to demonstrate the correctness of its expenditure of Federal funds through relevant and credible evidence, then the institution must return all such funds to the Department to the extent that the school has not provided accurate, reliable and relevant data by which the actual loss to FSA may be measured. *See, e.g., In re Empire Technical Schools*, Dkt. No. 92-11-SP, U.S. Dep't of Educ. (April 24, 1995); *In re Academy of Cosmetology*, Dkt. No. 09-29-SP, U.S. Dep't of Educ. (September 23, 2009); *In re Quality College of Culinary Careers*, Dkt. No. 08-36-SA, U.S. Dep't of Educ. (June 10, 2009). The total liability figure provided in the FPRD included adjustments for interest, closed school loan discharges and a letter of credit collected by the Department. Additionally, the Department subtracted liabilities from the September 7, 2012, Final Audit Determination, which were duplicative. *See*, Institute of Medical Education Final Program Review Determination, August 23, 2013 (OPE ID: 04132300, PRCN: 201220927786), p. 21.

[3] The liability figure assessed in the FPRD was subsequently adjusted to reflect the increase in the amount of closed student loan discharges, and the final demand by the Department rose to $8,679,790.72. *See*, Brief of the U.S. Department of Education's Office of Federal Student Aid in Response to Respondent's Brief to the Secretary (May 6, 2014), p. 2 (hereafter referred to as "FSA-2 brief").

[4] Although IME failed to comply with the regulatory requirements governing the appeals process by neglecting, in both cases, to serve FSA's counsel, I have accepted the appeals for review. *See*, 34 C.F.R. § 668.119(b). FSA obtained copies of both appeals and has provided responses.

[5] In addition to the three arguments discussed herein, IME also asserts that the accreditation termination decision by WASC was erroneous and capricious. This issue is beyond the scope of consideration for the very narrow issue on appeal, *i.e.*, IME's failure to submit a close-out audit.

[6] *See*, Lisa DiCarlo e-mail to Bindu Baburajan, May 10, 2013, included as enclosure 6 in Bindu Baburajan correspondence to Secretary Duncan, May 14, 2013, unnumbered pp. 25-26 (hereafter referred to as "IME-1 brief").

In response, FSA clarifies that the sole issue in this case is whether Respondent submitted a close-out audit per its regulatory obligation and notes that IME does not claim to have done so. As to IME's suggestion that it needs approval to proceed with the close-out audit, FSA states that the mandate to submit the close-out audit is an affirmative legal obligation that requires no notice or authorization. To the extent that IME refuses to conduct the audit absent official assent from the Department, FSA asserts that this "request does not constitute a meritorious legal argument"[7] and cites the regulations that require institutions to submit close-out audits within 90 days of ceasing to participate in Title IV programs. 34 C.F.R. § 668.26(b)(2)(ii).

Next, FSA dismisses IME's COD report as legally and factually insufficient to demonstrate that all of the funds in question have been accounted for. FSA further states that the COD report document, submitted for the first time with IME's appeal, is inadmissible under 34 C.F.R. § 668.119(f) as new evidence, as well as being irrelevant. Moreover, the document provides none of the information that IME claims. The report simply shows that Respondent drew down all but $233,249 from its Federal Direct Loan Program account. It does not show that any of the funds were properly awarded, nor does it account for the nearly $1.5 million in Federal Pell Grant funds received by IME during the unaudited period.[8] Thus, Respondent's assertion that it properly accounted for the Federal funds it received is without basis.

Finally, FSA responds that IME received all of the process that it was due through the administrative hearing conducted pursuant to 34 C.F.R. Part 668, Subpart H. The hearing official issued his Order Governing Proceedings on November 5, 2012, which provided Respondent with the opportunity to submit its evidence and arguments to refute the findings in the FAD. In the Initial Decision, Judge Canellos noted that Respondent submitted additional materials on January 3, 2013. Thus, FSA concludes that IME engaged in the administrative appellate process. Accordingly, IME presents no basis for amending the Initial Decision, and FSA urges me to affirm it in full.

After reviewing the record below and the submissions on appeal, it is clear that Respondent failed in its responsibility to submit a close-out audit. IME presents no argument to the contrary. The regulations are clear that a close-out audit must be submitted within 90 days of its cessation of participation in Title IV programs. There is no room for misinterpretation of this deadline, and compliance is required. Moreover, no prior notice, authorization, approval or invitation is necessary for an institution to fulfill this legal obligation. It is incumbent upon any recipient of Federal funds to comply with all applicable laws, regulations and programmatic requirements. For this reason, IME's assertion that it will not comply with its regulatory responsibility absent my approval is both unprecedented and inexcusable. IME's argument is rejected as without merit.

As to IME's auxiliary argument that all Federal funds were properly disbursed, the institution asserts that the May 10, 2013, e-mail, containing the COD information and submitted into the record for the first time with this appeal, demonstrates that the Department was aware that Title IV funds were disbursed to students properly. A cursory review of this document

[7] Federal Student Aid's Response to Respondent's Appeal to the Secretary, June 21, 2013, p. 3 (hereafter referred to as "FSA-1 brief").
[8] FSA-1 brief, p. 5.

reveals that it is not an adequate substitute for a close-out audit.[9] All that this e-mail shows is IME's balance in its Federal Direct Loan Program account. It does not demonstrate how funds were drawn down, let alone that the funds were disbursed properly. Moreover, this document is inadmissible as new and irrelevant evidence. To the extent that IME implies that information about IME's Federal Direct Loan Program account balance might serve as a substitute for the mandated close-out audit, this argument has no basis in fact or law.

Finally, IME's contention that it was never afforded the opportunity to present its case during an administrative hearing is belied by the record and without merit. A hearing is defined as "a process conducted by the hearing official whereby an orderly presentation of arguments and evidence is made by the parties" consisting of "the submission of written briefs to the hearing official . . . unless . . . an oral hearing is also necessary." 34 C.F.R. § 668.116(a)-(b). The hearing official may schedule an oral argument if he or she determines that an oral argument is necessary to clarify the issues and the parties' positions in their written briefs.[10] Only in such cases as deemed necessary by that hearing officer shall oral argument (that is, an in-person hearing) be conducted. Otherwise, the hearing process ordinarily consists of the submission/exchange of documents and relevant supporting materials. As noted by FSA, an administrative hearing on paper was conducted in accordance with 34 C.F.R. Part 668, Subpart H.[11]

It appears that IME is confusing the term "hearing" with "oral argument" and believes that it has been wronged because there was no oral argument in its case. This is an incorrect reading of the regulations. Clearly, IME misunderstands the appeal process and is under the misapprehension that an administrative hearing is only properly conducted where the parties present oral argument. As stated above, the hearing official is not required to hear oral argument under 34 C.F.R. § 668.116(g). That decision is left to the discretion of the hearing official, who, in this case, believed that it was not necessary given the undisputed facts. There is no record that Respondent requested oral argument or was denied any request to submit evidence for the record. Thus, Respondent was provided the opportunity to present its case and was given the process that the institution was due. Therefore, there is no credence to IME's argument.

Accordingly, for the reasons articulated above, I find no reason to set aside the Initial Decision in IME-1 and affirm it in full.

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[9] A close-out audit must be performed by an authorized auditor and must satisfy the requirements laid out in the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. An adequate substitute for a close-out audit documents and properly accounts for the institution's expenditure of Title IV funds, fulfilling the institution's burden of proving that all Federal funds were disbursed properly. 34 C.F.R. § 668.116(d); *see, In the Matter of Business Training Institute*, Dkt. No. 01-06-SP, U.S. Dep't of Educ. (May 23, 2003). By contrast, the document submitted by IME is a two-printed-page e-mail from the Department's Director of Direct Loan Operations which lists the institution's balance for the Direct Loan program for the 2011-2012 year.

[10] 34 C.F.R. § 668.116(g). *See also, In re Chicago State University*, Dkt. No. 94-173-SA, U.S. Dep't of Educ. (April 26, 1996).

[11] Subpart H outlines the appeal procedures for both audit determinations and program review determinations. *See*, 34 C.F.R. §§ 668.111 through 668.124.

II

The second case under review and included in this decision is the Initial Decision of a program review (IME-2) conducted on-site at IME on January 11-12, 2012, and continued off-site from January 14 to February 1, 2012. FSA issued its findings to IME in a Program Review Report (PRR) on October 11, 2012. IME provided its response on April 8, 2013. Subsequently, FSA issued its FPRD on August 23, 2013, and assessed liability at $8,378,031.72.[12] IME then appealed the FPRD. Judge O'Hair evaluated the arguments and evidence and sustained the FPRD in full. On January 13, 2014, Judge O'Hair issued his Initial Decision, stating "IME has submitted no evidence to undermine the reasonableness or the authority of the FPRD. More importantly, it has not submitted any evidence to refute its findings, thus I must affirm the FPRD and its findings."[13] He ordered Respondent to pay $8,679,790.72 to the Department.[14] Respondent seeks review of this decision and proffers a number of arguments on appeal.

As with IME-1, here, Respondent again argues that it did not receive the opportunity to present evidence or witness testimony through an administrative hearing, that it did not receive authorization to perform an official audit,[15] and that the Common Origination and Disbursement record accounts for the disbursements for the 2011-2012 program year. I have reviewed the record and determined that the arguments presented by IME here are virtually identical to those presented in IME-1. The reasons for rejecting them are also the same.

First, the record clearly demonstrates that IME received all the process it was due under the applicable regulations, 34 C.F.R. Part 668, Subpart H. IME was provided with the opportunity to present its legal arguments and evidence for the hearing official's consideration. The record below demonstrates that Respondent availed itself of this opportunity and includes IME's initial letter of appeal (dated September 30, 2013) and an e-mail exchange between Respondent and Kathleen Hochhalter, of the Department's Administrative Actions and Appeals Service Group in FSA.[16] In the appeal letter, Respondent laid out its several arguments for Judge O'Hair's consideration. In the e-mail exchange with Ms. Hochhalter, IME requested that the hearing official consider its "FPRD appeal package" as its "official brief in the matter."[17] The record indicates Judge O'Hair reviewed all of the submissions and determined that IME's evidence was insufficient to rebut the FPRD. He provides his analysis in the Initial Decision. For the reasons articulated above in the IME-1 discussion on the same issue, I reject IME's due process argument here as well.

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[12] As noted above, this figure was subsequently adjusted, resulting in a total demand of $8,679,790.72 by the Department. *See*, fn. 3, *supra*.

[13] *See*, *In re Institute of Medical Education*, Dkt. No. 13-58-SP, U.S. Dept. of Educ. (Jan. 13, 2014), p. 4.

[14] *Id.*

[15] In IME-1, Respondent refers to the required "close-out audit." In IME-2, Respondent speaks in terms of "an official audit" but proffers the same arguments.

[16] The former was submitted by Respondent; the latter was forwarded by Ms. Hochhalter for inclusion in the record. This action was consistent with her responsibility in the Administrative Actions and Appeals Service Group in FSA to forward HEA appeals to the director of the Office of Hearings and Appeals.

[17] Bindu Baburajan e-mail to Kathleen Hochhalter, October 25, 2013. Although this e-mail refers to the "FPRD appeal package", the record indicates that the referenced submission was actually its response to the Program Review Report, dated April 2, 2013. In addition to these materials, IME also submitted an appeal letter, dated September 30, 2013. To be clear, these materials were submitted in the proceeding below, for review by Judge O'Hair in making his Initial Decision.

Second, IME states that it needed authorization before submitting an official audit. This issue was considered in detail in the IME-1 discussion above, and IME's argument was rejected as meritless. The same analysis and results apply here.

Third, IME states that it refutes all of the findings in the FPRD and that the COD reports for the 2010-2011 and 2011-2012 years indicate that the funds were distributed to students.[18] As discussed in the IME-1 analysis, this argument was legally and factually insufficient. It does not gain any credence reiterated here and is rejected accordingly.

Beyond these three arguments, IME presents several other points in its appeal that consist mostly of sweeping assertions, broad denials absent evidentiary support and unfounded complaints against the Department and other entities. To the extent that IME articulates specific, relevant arguments in this appeal, I address them below.

One, IME takes issue with the length of time between FSA's on-site program review and issuance of the Program Review Report and the Final Program Review Determination. Respondent states that the "normal timeframe" for issuing PRRs is 75 days and that the FPRD is "generally issued 30-90 days after a PRR."[19] IME believes that FSA's "conduct does constitute [an] impropriety on their part..." and implies that this delay unfairly prejudiced the institution's ability to respond.[20]

FSA responds that the Department strives to issue PRRs within a reasonable amount of time but that there is no deadline or required timeframe for issuing the PRR or FPRD in the regulations. Moreover, FSA asserts that it would be counterproductive "to rush to issue a PRR to a closed school when limited FSA staff were awaiting a close-out audit from respondent so as to avoid duplication of liabilities...."[21] FSA contends that IME's argument is disingenuous because it failed to respond to the PRR and yet complains about delay by the Department.

Respondent's arguments are unavailing. In order for IME's complaint to carry legal weight, the institution must demonstrate that the delay between the program review and the issuance of the PRR was unreasonable, unexplained or prejudicial, as well as how FSA's failure to act during this period of time hindered IME's ability to respond to the PRR.[22] The mere passage of time does not *per se* constitute an unreasonable delay.[23] IME fails to make this showing. Indeed, upon review of the record, I do not find any extraordinary passage of time, let alone one that might constitute an unreasonable, unexplained or prejudicial delay. The record

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[18] To the contrary, the Program Review Report indicates that IME's President/CEO drew funds down from the institution's Title IV Direct Loan account without authorization by the financial aid office and that these funds "were never posted on the students' ledger cards, and thus had never been disbursed to the students." Institute of Medical Education Program Review Report, October 11, 2012 (OPE ID: 04132300, PRCN: 201220927786), p. 8.
[19] Bindu Baburajan correspondence to Secretary Duncan, February 20, 2014, unnumbered pp. 3-4 (hereafter referred to as "IME-2 brief").
[20] IME-2 brief, unnumbered p. 4.
[21] FSA-2 brief, p. 9.
[22] *See, e.g., In re Community College System of New Hampshire*, Dkt. No. 09-35-SA, U.S. Dep't of Educ. (June 21, 2010); *In re American Business College*, Dkt. No. 03-100-SP, U.S. Dep't of Educ. (Decision upon Remand, August 10, 2010); *In re Hawaii Business College*, Dkt. No. 10-09-SP, U.S. Dep't of Educ. (August 16, 2010).
[23] *See, In re CUNY,* Dkt. No. 93-3-0, U.S. Dep't of Educ. (March 30, 1994).

indicates that the program review was conducted by FSA personnel in January and February, 2012. The PRR was issued on October 11, 2012, some eight months later. Approximately six months after that on April 2, 2013, IME provided its response to the PRR.[24] FSA then issued its FPRD at the end of August 2013, less than five months after IME provided its response. Nothing in the record suggests that these periods of time were unreasonable or unexplained, or unfairly prejudiced IME's ability to respond to the program review. For this reason, IME's claim is without merit.

Two, IME claims that it submitted a full and thorough financial compliance statement audit for 2010. This audit covers the 2010 calendar year, and Respondent suggests that subsequent years would have been properly reconciled but for the actions of the WASC. IME also implies, but does not state directly, that this audit, along with the COD report, provides sufficient information to substitute for the student record reconciliations required as a result of the program review. FSA responds that the audit covers only six months (July 1, 2010 through December 31, 2010) of the period under review. The remaining 13 months (January 1, 2011 through February 7, 2012) remain unaudited and unaccounted for. Moreover, IME fails to demonstrate how the information in the submitted records responds or corresponds to any of the findings in the FPRD[25] and the resultant required action.[26] For this reason, the audit, to the extent that it applies to the period in question, is unresponsive and unilluminating.

I concur with FSA's arguments. The FPRD articulates eight findings, citing specific examples of IME's deficiencies in each area and its failure to comply with the regulations. The documents IME provides in its appeal to me address none of the findings in the FPRD.[27] IME

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[24] *See*, Bindu Baburajan correspondence to Ms. [Gayle] Palumbo, April 2, 2013. Contrary to FSA's assertions, IME did in fact provide a response to the PRR.

[25] The eight findings in the FPRD include the following:

1. Lack of Administrative Capability
2. Failure to Adequately Account for Federal Funds and Lack of Internal Controls
3. Inadequate Attendance Record-Keeping System and Incorrect Return of Title IV Funds Calculations
4. Failure to Monitor Satisfactory Academic Progress
5. Failure to Resolve Institutional Student Information Record Comment Codes
6. Verification Not Performed/Inadequate Verification
7. Ineligible Certification of Direct Loan for Dependent Student
8. Missing Institutional Student Information Record

See, *generally*, IME-2 Initial Decision and the Final Program Review Determination.

[26] For example, Finding #1: Lack of Administrative Capability required that IME submit a close-out audit and return unexpended Title IV funds. Finding #2 required IME to reconstruct its Title IV records and to reconcile its fiscal and financial aid records for each student for whom IME had drawn down Title IV funds. For Finding #3, IME was required to complete a file review to ensure eligibility of the students who received Title IV aid during the 2010-2011 and 2011-2012 award years. Finding #4 also required a file review. Finding #5 required IME to submit acceptable eligibility documentation for several students. Finding #6 required IME to document the calculations for determining several students' Expected Family Contribution. Finding #7 required IME to submit documentation to confirm that students' parents failed to qualify for PLUS Loans. Finding #8 required IME to determine if a student's Institutional Student Information Record was properly processed.

[27] For all eight findings in the PRR, IME provided the same non-specific response: that it had notified the Department of its inability to retain qualified administrative personnel since it lost accreditation (implying that it lacked the capacity to provide further information). IME further replied that it was in the process of seeking authorization from the administrative judge for a close-out audit and that it is not able to provide any requested records because all of its student records were turned over to the Bureau for Private Postsecondary Education of the Department of Consumer Affairs per the order of the Office of Administrative Hearings in the Department of

merely reiterates the arguments it made in the proceedings below. It is clear to me, as it was to Judge O'Hair, that the information provided by IME simply does not address the deficiencies identified in the FPRD and is void of substance. It cannot in any way serve as a substitute for the financial accounting and full file reviews requested by FSA. In sum, IME has presented no evidentiary material sufficient to satisfy its burden of proof in this case. Respondent's arguments fail.

Last, IME argues that its situation merits special consideration, that it has been subjected to extraordinary circumstances and that it has "been destroyed by the unscrupulous actions of its accreditor who failed to mitigate the situation with us."[28] IME states that it no longer has the internal capacity to respond to FSA's demands, nor the financial resources to hire qualified personnel. IME also states that "it's only fair that we receive the necessary remedies to correct the situation."[29] By this, IME seems to be requesting special consideration by the Department, but it is unclear exactly what. FSA responds generally that a purported lack of resources is irrelevant to the requirement that an institution comply with the Title IV regulations: "Schools that participate or participated in the Title IV programs have an absolute duty to account for the funds they receive or received through their participation as fiduciaries. 34 C.F.R. § 668.82."[30]

The regulations governing institutions that participate in Title IV programs clearly impose a significant fiduciary responsibility on those institutions. The various provisions that govern Title IV programs are explicit as to the financial responsibility, administrative capability, accountability, and other requirements that must be met. Furthermore, the program participation agreement executed by the parties when an institution becomes eligible to receive Title IV funds incorporates these regulations and requirements, creating an additional contractual obligation for the institution to comply with the regulations. 34 C.F.R. §668.14. Thus an institution that participates in Title IV programs accepts a very serious responsibility – so much so that neither the regulations nor prior administrative decisions contemplate mitigating or extenuating circumstances, as IME requests here. Even the most dire chain of events resulting in the demise of a school does not obviate the institution's duty to fulfill its legal obligations.[31] Moreover, for me to determine that IME's loss of accreditation constitutes an extreme exigent circumstance that warrants special consideration would be tantamount to nullifying the governing regulations. I decline to do so.

Accordingly, for the reasons articulated above, I find no reason to set aside the Initial Decision in IME-2 and affirm it in full.

Consumer Affairs. These responses were incorporated into the FPRD. IME, in its appeal of the FPRD before me, does not elaborate on these arguments and provides no additional legal analysis.

[28] IME-2 brief, unnumbered p. 6.

[29] *Id.*

[30] FSA-2 brief, p. 10.

[31] *See, In re Computer Processing Institute*, Dkt. No. 92-20-SP, U.S. Dep't of Educ. (Decision of the Secretary, April 13, 1995).

III

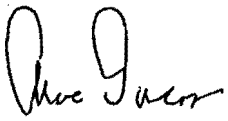
None of the arguments presented by IME in its appeal of the two cases now before me are legally sufficient to demonstrate that the lower decisions were in any way erroneous. Moreover, IME fails to demonstrate that it properly expended and accounted for the Federal funds it received under Title IV of the Higher Education Act of 1965, as amended. For these reasons, I affirm the lower decisions of Judge Canellos and Judge O'Hair in full.

ORDER

Accordingly, the Initial Decisions in the proceedings below (Dkt. Nos. 12-59-SA and 13-58-SP) are AFFIRMED.

Further, it is hereby ORDERED that Institute of Medical Education repay to the United States Department of Education the sum of $1,805,916.03 (in the matter of 12-59-SA) and $8,679,790.72 (in the matter of 13-58-SP) for a total of $10,485,706.75.

So ordered this 18th day of August 2014.



Arne Duncan

Washington, D.C.

Service List

Office of Hearings and Appeals
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202-4616

Ms. Bindu Baburajan
President
Institute of Medical Education
1211 Park Ave., Suite #12
San Jose, CA 95126

Ms. Jennifer L. Woodward, Esq.
Office of the General Counsel
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202-2110