

IN THE MATTER OF PAUL'S BEAUTY COLLEGE,
Respondent.

Docket No. 92-58-SP
Student Financial Assistance Proceeding

DECISION

The issues in this Final Program Review Determination proceeding are much the same as those which r adjudicated in a termination case. The latter proceeding Docket No. 92-14-ST, In the Matter of Paul's Beauty College, decided July 13, 1993, was the subject of an oral hearing and post-hearing briefs by Paul's and by the Department of Educdtion. My findings therein essentially accord with the findings required by the evidence in this program review matter.

Unfortunately, the evidence of record herein is solely that of the Department. In this regard, through inadvertence, Paul's which did file an appeal in the instant matter, subsequently failed to file a brief. As a result the uncontroverted brief of the Office of Student Financial Assistance is attached hereto as an appendix as my statement of facts and conclusions of law.

As can be seen, inter alia, the Department seeks recoupment of \$476,329 for unauthorized disbursements by Paul's of student financial assistance. The great majority of these unauthorized **disbursements were Pell Grants, but some were for** unauthorized loans. Not only would Paul's be required to refund all of the subject grants and loans to the Department, it also would be required to purchase all of the subject loans from the lenders. In this regard, the Department was not the lender in every instance. Thus, in some instance, Paul's would be required to pay twice for a single loan.

In my opinion, Paul's should repay all of the Pell Grant's and should purchase all of the loans but should not ke charged double for any of the unauthorized loans. As explained, this would occur under the Department's program review determination.

I conclude that Paul's should repay the Department only for those loans which expose the Department to a loss. of course, Paul's also must refund the unauthorized Pell Grants and must purchase the unauthorized loans from the lenders.

For cause shown, the Final Program Review Determination with the noted exception, is affirmed. The appeal of Paul's is denied except as noted.

Dated this 15th day of July, 1993

Paul S. Cross,
Administrative Law Judge
Office of Higher Education Appeals
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202-3644

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