

In the matter of LEHIGH TECHNICAL SCHOOL,  
Respondent.

Docket No. 94-193-SP  
Student Financial Assistance Proceeding

## DECISION

This matter involves an appeal by the Lehigh Technical School (Respondent) of a Final Program Review Determination (FRPD), dated August 1, 1994, issued by the Office of Student Financial Assistance Programs (SFAP), U.S. Department of Education (ED). The FRPD identified numerous violations of the statutes and regulations that govern participation in the Federal student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. § 1070 et seq. (Title IV Programs). On October 19, 1994, the Respondent requested an administrative review of the FRPD in accord with the procedures set forth at 34 C.F.R. Part 668, Subpart H. This matter was assigned to me and I issued an Order Governing Proceedings (Order) on November 17, 1994.

This Order required Respondent to submit its initial brief and evidence within four weeks of its receipt of the Order. The Respondent failed to file its brief and evidence as required by this Order and did not request any extensions of time. On February 14, 1995, SFAP filed its Initial Brief and a Motion for Default Judgment requesting that this tribunal issue a decision ordering the Respondent to pay \$1,211,526, the liability identified in the FRPD. Pursuant to SFAP's motion, I issued a Show Cause Order on February 22, 1995, requiring the Respondent to respond within 15 days and state why I should not act favorably upon the pending motion for default judgment. Respondent was advised that if no timely response was received, judgment would be entered against it and the appeal would be dismissed.

On March 9, 1995, a document was filed with this tribunal by a Woodrow Wilson, referring to himself as "Attorney-in-Fact," on behalf of Mary Wilson. Ms. Wilson is identified in the FRPD as the President of the Lehigh Technical School and is the person who submitted the October 19, 1994 letter requesting an administrative review of the FRPD. This document does not offer any evidence that would dispute the liabilities imposed by the FRPD, but rather requests that Mary Wilson not be held personally liable for payment of any funds owed to the Department of Education. Ms. Wilson identifies numerous people as owners of the Lehigh Technical School and states that these people should be contacted regarding any liability imposed by the FRPD.

The evidence in this matter indicates that the Respondent lost its eligibility to participate in Title IV programs when it closed in November, 1992. SFAP contacted the Respondent by letters dated December 1, 1992 and April 11, 1994 to explain the school's responsibility to provide ED with a closeout audit to account for all of the Title IV funds received by it as required by 34 C.F.R. § 668.26 (1994). The Respondent failed to respond to these requests for the closeout audit and SFAP issued the FRPD on August 1, 1994 that identified liabilities against the school in the amount of \$1,211,526. This amount is representative of all of the Federal funds received under Title IV programs for the award years 1989-90, 1990-91, 1991-92 and 1992-93.

The regulations governing participation in the Title IV programs clearly require the Respondent to provide ED with a closeout audit when they close or otherwise lose their eligibility to participate in the Title IV programs. 34 C.F.R. § 668.26 (1994). Therefore, I find that Respondent's failure to provide a closeout audit or make any effort to properly account for any of the Title IV program funds it received for the award years 1989 through 1993 renders it liable for all Title IV Program funds received for this period. In the Matter of National Broadcasting School, Dkt. No. 94-98-SP, U.S. Dep't of Education (December 12, 1994) and In the Matter of Macomb Community College, Dkt. No. 91-80-SP, U.S. Dep't of Education (May 5, 1993).

As to the question of the personal liability of Mary Wilson for the repayment of funds denoted in the FRPD and her apparent problems with those individuals whom she identifies as the owners of the Lehigh Technical School in the March 9, 1994 document submitted to me, this tribunal will not address that issue because it is not within its jurisdiction. The ultimate personal financial liability for funds owed to the Department of Education is a matter to be resolved between the employees, officers and owners of the Lehigh Technical School.

#### ORDER

Based on the foregoing findings of fact and conclusions of law, it is hereby ORDERED, that Lehigh Technical School pay the United States Department of Education \$1,211,526.

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Richard I. Slippen  
Administrative Judge

Issued: March 17, 1995  
Washington, D.C.