

UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON, D.C. 20202

In the Matter of **Docket No. 95-142-SP**

NORTHEAST CENTER FOR Student Financial
JUDAIC STUDIES, Assistance Proceeding

Respondent. PRCN: 93202013

Appearances: Rabbi Efroim Stein, President of Northeast Center for Judaic Studies (Northeast) of Brooklyn, NY, for Northeast.

Paul G. Freeborne, Esq., Office of the General Counsel, United States Department of Education, Washington, D.C., for Student Financial Assistance Programs.

Before: Judge Richard I. Slippen

DECISION

On July 20, 1995, the Office of Student Financial Assistance Programs (SFAP) of the United States Department of Education (ED) issued a final program review determination (FPRD) finding that Northeast is liable for all Federal Pell Grant funds expended during 1991/92 and 1992/93 award years for *inter alia* maintaining false or inaccurate student file information, failure to request financial aid transcripts (FATs), failure to meet fiduciary standards, having conflicting file documentation, and failure to meet the definition of an eligible institution. In terms of the latter, Northeast is charged with failing to satisfy the accreditation requirement and failing to provide any program that leads to a degree, or prepares students for gainful employment in a recognized occupation. According to the FPRD, Northeast's conduct was in violation of various program requirements governed 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.* The total unduplicated liability charged to Northeast is \$7,097,429. Northeast was duly terminated from participation in the Title IV programs on May 2, 1995.

Pursuant to 34 C.F.R. Part 668, Subpart H, Northeast submitted a request for a hearing challenging the findings of the FPRD. On October 6, 1995, I issued an Order Governing Proceedings requiring Northeast to file a submission in support of its position within four weeks of its receipt of my order. On October 20, 1995, Northeast's counsel, Brustein & Manasevit,

notified the undersigned of their withdrawal from this case. On November 29, 1995, SFAP filed a Motion for Default Judgment on the ground that Northeast failed to comply with my order. On

February 1, 1996, in response to SFAP's motion, I ordered Northeast to show cause why I should not issue a decision dismissing its appeal of the FPRD, and entering judgment against it for failure to prosecute the appeal. I required Northeast to respond to my order on or before February 20, 1996. Northeast neither filed a submission nor requested an extension of time for filing a submission. Almost six months have passed since Northeast requested a hearing to challenge the FPRD, yet Northeast has not filed any subsequent submission in compliance with my orders.

In accordance with my obligation to regulate the course of this proceeding and the conduct of the parties, I have the authority and the discretion to terminate the hearing process and issue a decision against a party if that party does not meet time limits established pursuant to my orders. *See*, 34 C.F.R. § 668.117(c)(3). As such, I find that Northeast's failure to file submissions in compliance with my orders warrants the termination of this proceeding. More important, after a review of the FPRD, I am convinced that the findings contained therein sufficiently state allegations in a manner that would require Northeast to carry its burden of proof in this proceeding *See*, 34 C.F.R. § 668.116(d); *see also* In the Matter of Sinclair Community College, Dkt. No. 89-21-S, U.S. Dep't of Education (September 26, 1991)(Decision of the Secretary). Northeast's failure to submit evidence supporting its position compels me to find that Northeast failed to carry its burden of proof in establishing that the institution's expenditure of Title IV funds during the period at issue was proper.

ORDER

On the basis of the foregoing findings of fact and conclusions of law, it is HEREBY ORDERED that the hearing process initiated pursuant to the institution's request for a hearing is TERMINATED. It is FURTHER ORDERED that in accordance with the final Program Review Determination, Northeast Center for Judaic Studies pay to the United States Department of Education the sum of \$7,097,429.

Richard I. Slippen
Administrative Judge

Dated: February 21, 1996
Washington, D.C.

SERVICE

A copy of the attached initial decision was sent by certified mail, return receipt requested to the following:

Rabbi Efroim Stein
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