

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

In the Matter of

Docket No. 96-73-SP

FEDERICO BEAUTY COLLEGES,
Respondent.

Student Financial Assistance Proceeding

Appearances: Samuel B. Federico, President, Federico Beauty Colleges, Fresno, California, for Respondent.

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

Before: Frank K. Krueger, Jr., Administrative Judge

DECISION

On April 11, 1996, the Student Financial Assistance Programs (SFAP), U.S. Department of Education (ED), issued a final program review determination in this case, assessing a liability against the Respondent of \$1,749,521 to holders of Federal Family Education Loans and \$778,182 in Pell Grant funds payable to ED. By letter dated May 23, 1996, signed by Samuel B. Federico, President, Respondent appealed the final program review determination.

On July 11, 1996, I issued an Order Governing Proceeding in which I established a schedule for the submission of briefs and exhibits. Under that schedule, Respondent was to submit its brief and exhibits on or before August 12, 1996. Respondent ignored that deadline. As a result, on August 19, 1996, SFAP moved to terminate the proceeding and enter a default judgement in its favor. In response, I issued an order requiring that Respondent show cause by August 30, 1996, as to why SFAP's motion should not be granted. In response to a motion for additional time to respond to the show cause order, Respondent was given until September 30, 1996, in which to respond to the show cause order and to submit its initial brief and exhibits. On September 29, 1996, Respondent submitted a letter in which it failed to address the substance of SFAP's determination; the letter stated that, while it did not agree with the SFAP findings, it does not have the financial resources to defend itself.

I have examined the final program review determination and conclude that the findings contained therein sufficiently state allegations that require Respondent to carry its burden of proof in this proceeding. *See* 34 C.F.R. § 668.116(d) (1995) and *In re Sinclair Community College*, 75 Ed. Law Rep. 1296, 1299 (1991). Respondent's failure to submit any evidence to rebut the SFAP findings leaves me with no choice but to find that Respondent has failed to carry its burden of proof in establishing that the expenditures questioned by SFAP were proper and that it complied with all program requirements.

ORDER

Ordered, that the final program review determination issued by SFAP on April 11, 1996, is affirmed.

October 2, 1996

Frank K. Krueger, Jr.
Administrative Judge

SERVICE

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

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