

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

---

In the Matter of

**Docket No. 02-26-SA**

**KING'S CAREER COLLEGE,**

Student Financial  
Assistance Proceeding

Respondent.

ACN: 06-2000-16778

---

Appearances: Eddie L. King, President, Baton Rouge, Louisiana, for King's Career College.

Steven Z. Finley, Esq., Office of the General Counsel, United States Department of Education,  
Washington, D.C., for the Office of Federal Student Aid.

Before: Richard F. O'Hair, Administrative Judge

**DECISION**

King's Career College, the Respondent in this proceeding, participates in the federal student aid programs authorized under Title IV of the Higher Education Act of 1965 (Title IV), as amended. 20 U.S.C. §§1070 *et seq.* and 42U.S.C. §§2751 *et seq.* These programs are administered by the Office of Federal Student Aid (FSA), U.S. Department of Education (Department).

On February 8, 2002, FSA's Case Management Division issued a final audit determination (FAD) that advised Respondent that its review of Respondent's close-out audit for calendar year 2000 disclosed two regulatory violations. The first violation was that Respondent derived more than 90 percent of its revenue from Title IV funds. 34 C.F.R. § 600.5(a)(8). The second violation was that Respondent did not ensure that more than 50 percent of its students had received either a high school diploma or a recognized equivalent of a high school diploma. 34 C.F.R. § 600.7(a)(1)(iv). As a result of these violations, FSA determined Respondent was ineligible to disburse Title IV funds during that year and demanded a repayment of \$20,566 to the Department of Education and \$53,731 to Federal Family Education Loan lenders.

Respondent appealed this monetary demand and on April 22, 2002, I issued an Order Governing Proceedings directing Respondent to file its brief and exhibits challenging FSA's demand by May 28, 2002. Following this, Respondent requested and was granted several extensions of time to file the brief because of its desire to hire an attorney to represent it during these proceedings. Additional requests for extensions of time were submitted by Respondent's attorney until, on January 15, 2003, Respondent's attorney informed the tribunal it no longer represented Respondent and requested permission to withdraw representation. Permission was granted. The proceedings were then

stayed to allow FSA time to evaluate additional information filed by Respondent. At the conclusion of the stay, the tribunal issued an amended order governing proceedings that required Respondent to file its brief and exhibits by May 1, 2003. Respondent did not satisfy this deadline and FSA submitted a Motion for Default Judgment. Consequently, the tribunal issued an order requiring Respondent to show cause, by June 30, 2003, why the tribunal should not issue a decision and enter a judgment against it for its failure to prosecute its appeal. In the absence of compliance with this order, FSA filed another motion for default judgment on July 8, 2003.

As noted above, a post-secondary institution is not eligible to participate in the Title IV programs if it derives more than 90 percent of its income from Title IV funds and if more than 50 percent of its students did not have either a high school diploma or its equivalent. In a 34 C.F.R. Part 668, Subpart H proceeding such as this, the respondent has the burden of proving that it complied with the program requirements alleged to have been violated. 34 C.F.R. § 668.116(d). I am convinced that the finding of the FAD sufficiently states an allegation which provides *prima facie* evidence that Respondent did not satisfy either of these requirements for calendar year 2000 and was, therefore, an ineligible institution for that period. *In re Pacific Travel Trade School*, Dkt. No. 00-55-SA, U.S. Department of Educ. (January 24, 2002).

Pursuant to 34 C.F.R. § 117(c)(3), I have the authority to terminate the hearing process and issue a decision against a party if that party does not meet the time limits I established for filing a brief. *See: In re Nationwide Beauty School*, Dkt. No. 02-63-SP, U.S. Department of Educ. (January 15, 2003); *In re TRC Jan Mar Beauty Academy*, Dkt. No. 02-45-SP, U.S. Department of Educ. (September 12, 2002). Accordingly, the FAD is affirmed and the liability addressed therein is upheld.

### **ORDER**

On the basis of the foregoing, it is hereby ORDERED that this hearing process is terminated and FURTHER ORDERED that King's Career College pay \$20,566 to the United States Department of Education and \$53,731 to the appropriate lenders under the guaranteed student loan program.

---

Judge Richard F. O'Hair

Dated: July 15, 2003

### **SERVICE**

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

Mr. Eddie L. King  
President  
King's Career College  
P.O. Box 15291  
Baton Rouge, LA 70895

Steven Z. Finley, Esq.  
Office of the General Counsel  
U.S. Department of Education

400 Maryland Avenue, S.W.  
Washington, D.C. 20202-2110