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August 10, 2020

The Honorable Sandra Bruce
Acting Inspector General
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Inspector General Bruce:

I write regarding the Committee's investigation into Dream Center Education Holdings (Dream Center). The Committee's investigative findings to date, which raise troubling questions regarding the Department's oversight and coordination with Dream Center, are detailed in a report, enclosed with this letter. The facts outlined in the enclosed report demonstrate that the Department knew Dream Center was unaccredited in early February 2018, and that its accreditor, the Higher Learning Commission (HLC) specifically informed the Department's Accreditation Group in May 2018 that Dream Center misrepresented this fact to students. But, the Department took no action until July 2018.

Accordingly, the Committee requests that the Department's Office of Inspector General (OIG) investigate the Department's coordination with Dream Center and the Department's subsequent investigation into HLC. Specifically, with respect to Dream Center, the OIG should investigate whether the Department inappropriately interfered in HLC's accreditation of the Dream Center institutions; whether political staff violated Department records policy; and, whether the Department took appropriate and timely steps to protect its students from misrepresentation and harm when the Department discovered Dream Center's loss of accreditation. Further, the OIG should investigate the Department's oversight of the Education Management Corporation to Dream Center transaction. Finally, the OIG should investigate the Department's use of its investigative and enforcement authority in this case, including whether the Department appropriately opened and pursued its investigation into HLC and whether the Department opened any investigation or took any enforcement action against Dream Center regarding its well-established misconduct.

Please send all official correspondence and information relating to this request to the Committee's Chief Clerk at Tylease.Fitzgerald-Alli@mail.house.gov.

Sincerely,

A handwritten signature in blue ink that reads "Bobby Scott".

ROBERT C. "BOBBY" SCOTT
Chairman

Cc: The Honorable Virginia Foxx, Ranking Member

Enclosure: Shattered Dreams: Examining the Department's Role in The Misconduct of Dream Center Education Holdings

The Honorable Sandra Bruce
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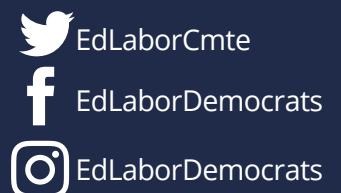
ENCLOSURE:

Committee on Education and Labor Report Titled, "Shattered Dreams: Examining the Department's Role in The Misconduct of Dream Center Education Holdings"

COMMITTEE ON EDUCATION AND LABOR

SHATTERED DREAMS: **EXAMINING THE EDUCATION** **DEPARTMENT'S ROLE IN THE** **MISCONDUCT OF DREAM** **CENTER EDUCATION HOLDINGS**

JULY 2020



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SHATTERED DREAMS: EXAMINING THE EDUCATION DEPARTMENT'S ROLE IN THE MISCONDUCT OF DREAM CENTER EDUCATION HOLDINGS

Executive Summary

This investigation examines Dream Center Education Holdings' (Dream Center) purchase, operation, and closure of three for-profit college chains: Argosy University, South University, and the Art Institutes. Although the Committee initially raised questions to the Department on July 17, 2019, the Department has not meaningfully participated in the investigation during the past year. Although this has posed challenges to the Committee's fact-finding process, and the substance of this report only cites to [documents](#) and recordings directly provided to the Committee by non-Department sources, reasonable conclusions can be drawn from enclosed documents.

Specifically, the Committee has found that though two of Dream Center's colleges lost accreditation, Dream Center executives knowingly misrepresented these institutions' accreditation status to students and prospective students for months, claiming to be "fully accredited" when they were not. Documents reveal that multiple high-ranking Department officials aided Dream Center executives, first by releasing federal funds to the unaccredited schools in violation of Department regulations, then by attempting to convince the accreditor to back-date accreditation for the institutions in violation of Department regulations and the accreditor's policy. Eventually, Dream Center's financial condition, exacerbated by publication of its fraud, led it to close or sell many of its institutions within 18 months of purchasing them. Shortly before collapsing, Dream Center's CEO sent a letter to Secretary DeVos estimating that these closures would result in "nearly \$1 Billion dollars" in taxpayer liabilities.¹ The Department now estimates that existing liabilities will cost taxpayers at least \$600 million.²

Dream Center Misled Students, claiming to be "fully accredited" when it was unaccredited.

The Higher Learning Commission (HLC), a regional accreditor that formerly accredited two Dream Center institutions, repeatedly informed Dream Center executives that starting on January 20, 2018, "[s]tudents taking classes or graduating [from the institutions] should know that their courses or degrees are not accredited by HLC."³ However, Dream Center did not notify its student body until June 20, 2018.⁴ Instead, for almost six months the institutions' website stated: "We remain accredited."⁵ At the end of that period, one Dream Center admissions official resigned, informing the Dream Center executives that "[t]he events of the last six months have made it impossible for me to continue my employment. I can no longer continue enrolling students without compromising my ethics and morals."⁶

Dream Center could have appealed its loss of accreditation but did not do so in good faith.

Though Dream Center could have appealed its accreditation loss, it delayed resolving the accreditation dispute to evade consequences. As months went by, Dream Center officials noticed "the passage of time, without any apparent adverse impact" following the loss of accreditation, so they decided to "let it sit [because it] provides more runway to operate."⁷ Internal emails further demonstrate that once Dream Center's misrepresentations came to light, Dream Center made minimal efforts to appeal to HLC, and in doing so further deceived students and independent

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oversight officials. In one email, Dream Center's counsel proposed that Dream Center "set up a meeting with the HLC Executive Committee in Chicago to get them to 'stand down' to some extent on their position... but later not actually pursu[e] a full-blown internal appeal."⁸ This, the counsel posited, would allow Dream Center to inform students that Dream Center was "pursuing an internal appeal with HLC... [though it could not] predict the outcome of the appeal."⁹ Dream Center would never properly file an appeal with HLC.

A political official at the Department sought to secure back-dated accreditation on Dream Center's behalf.

Though Dream Center could have appealed through HLC's normal appellate process, which is available to all affiliated institutions, it instead pursued accreditation backdated to when it originally became unaccredited ("retroactive accreditation") with the help of Principal Deputy Under Secretary Diane Auer Jones. When Dream Center proposed retroactive accreditation, HLC requested guidance from its Department liaison, a career Department official, who informed HLC that the Department prohibited retroactive accreditation. Under Secretary Jones then circumvented Department career staff, telling HLC to communicate "exclusively with her at the Department on this issue,"¹⁰ and offering to provide HLC with an "easy way to make [retroactive accreditation] work."¹¹ HLC staff stated that this put HLC "in the middle" of career and political staff at the Department, because each provided conflicting guidance.¹² Ultimately, HLC indicated to Under Secretary Jones that HLC policy prohibited retroactive accreditation, and therefore it would not retroactively accredit the Dream Center institutions.¹³ Subsequently, the Department opened a formal investigation into HLC's conduct,¹⁴ and before HLC had an opportunity to respond to the Department's inquiry, the Department publicly blamed HLC, not Dream Center, for harming Dream Center's students.¹⁵

The Department made payments to Dream Center despite Department regulations prohibiting distribution of funds to unaccredited, for-profit schools.

The Higher Education Act and its implementing regulations specify that a non-profit institution can receive federal student aid if it is either fully accredited *or* preaccredited, but a for-profit institution must be fully accredited to be eligible for federal financial aid.¹⁶ As of January 20, 2018, the Dream Center institutions were preaccredited, not fully accredited, for-profit colleges and therefore "no longer qualifie[d]" to receive federal funds.¹⁷ Department emails show that Department officials raised this issue in February 2018, stating that "candidacy status... could be problematic for the schools [sic] [federal financial aid] eligibility."¹⁸ Nonetheless, the Department continued disbursing funds to Dream Center. On May 3, 2018, the Department took the "extraordinary measure" to retroactively deem these institutions non-profits specifically "[t]o avoid the lapse of eligibility" which, at that point, had been occurring for nearly five months.¹⁹ The Committee is unaware of any other instance the Department has retroactively converted an institution from for-profit to non-profit status.

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Documents reveal apparent inaccuracies in the Department's responses to Congressional inquiry.

Multiple Committees and Members of Congress have questioned the Department regarding the events described above. The Department's responses have, at times, been in apparent conflict with the documentation of events. In one example, the Department claimed that Under Secretary Jones first saw "any reference to CCC-Status [Change of Control Candidacy Status] being a non-accredited status" on July 10, 2018.²⁰ However, a June 27, 2018 email correspondence between HLC and Under Secretary Jones indicates that the Dream Center institutions reached out to "[Under Secretary Jones]" seeking support for a confidential proposal... to seek reinstatement of accreditation" for the Dream Center institutions.²¹ And other Department officials knew that Dream Center was unaccredited as early as February 2018. This email states that "such an action would involve [HLC] deeming [the Dream Center institutions] "accredited" retroactive[ly]."²² This correspondence is explicitly about the Dream Center institutions' loss of accreditation. Other emails before July 10, 2018, both to and from Under Secretary Jones openly discuss Dream Center's lack of accreditation and contemplate retroactive accreditation of the Dream Center institutions.

I. Dream Center repeatedly and explicitly accepted a period of non-accreditation status as a condition of HLC's approval of Dream Center's purchase.

Throughout 2017, Dream Center and Education Management Corporation (EDMC) negotiated terms of sale for dozens of EDMC-owned institutions to Dream Center. Routinely, as part of any institution's change of ownership, the institution requests preapproval of the transaction from the Department, its accreditors, and the state it operates within. In October 2017, HLC, which accredited the Illinois Institute of Art and Colorado Art Institute (Dream Center institutions or institutions), found that "some [eligibility requirements] are clearly NOT MET" (emphasis in original) and that if Dream Center purchased these schools, the HLC Board may only approve these institutions as "candidates" for accreditation.²³

On November 16, 2017, the HLC Board acted to approve Dream Center's change in ownership application on the condition that the Dream Center institutions accept a period of "preaccreditation status," which HLC identified as "Candidate for Accreditation."²⁴ This letter states that HLC would evaluate the institutions over the following six months and if "the institutions are able to demonstrate... that they meet the Eligibility Requirements, Criteria for Accreditation and Assumed Practices without concerns, the **Board shall reinstate accreditation**" (emphasis added).²⁵ In this letter, HLC notified Dream Center that it had "fourteen days... to accept these conditions in writing."²⁶ Two weeks later, on November 29, 2017, Dream Center sent a signed letter to HLC reading in part, "[w]e understand that both [schools] will undergo a period of candidacy beginning with the close of the transaction."²⁷ That same day, Dream Center requested an extension of this fourteen day period to manage issues with other elements of the complex

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transaction and “provide the [Dream Center institutions] with additional time to discuss the conditions [sic] to approval set forth in the November 16, 2017 letter with the Commission.”²⁸ HLC granted this extension through mid-January 2018, ample time for Dream Center to ask questions, read HLC policies, and generally “discuss the conditions [sic] to approval set forth in the November 16, 2017 letter.”²⁹

As Dream Center neared the finalization of the transaction, HLC requested “a formal indication of whether [Dream Center and its institutions] accept the **Change of Control candidacy status**” (emphasis in original).³⁰ On January 4, 2018, the Dream Center institutions’ presidents and Dream Center’s CEO sent a second signed confirmation to HLC “accept[ing] Change of Control candidacy status.”³¹ One week later, HLC sent a letter reiterating that its “approval is specifically subject to a Change of Control Candidacy, which is effective immediately upon the closing of the transaction.”³² This letter informs Dream Center that when it moves into “candidacy,” it must “portray its accreditation status with the Commission clearly to the public... and properly notify [its] students.”³³

On January 20, 2018, Dream Center finalized its purchase of the institutions.³⁴ Per HLC’s multiple formal notices and Dream Center’s two signed acceptances, on January 20, 2018, the institutions lost accreditation from HLC and became candidates for accreditation by HLC. Accordingly, HLC transmitted a notice to Dream Center requiring it to inform its students “that their courses or degrees are not accredited by HLC.”³⁵ Despite the months-long communication between HLC and Dream Center, including Dream Center officials signing documents solely authored to “accept Change of Control candidacy status,”³⁶ Dream Center responded to HLC’s January 20, 2018 letter, stating “we were shocked that the Commission placed the Institutions in candidacy status.”³⁷

This letter concedes that Dream Center understood it would not have full accreditation after the sale,³⁸ but exhibits a misunderstanding of basic accreditation terms including “candidate for accreditation” and “preaccreditation.”³⁹ Dream Center’s misunderstanding of these common accreditation terms appears to have driven its “shock.”⁴⁰ This was part of a broader pattern in which Dream Center misunderstood basic accreditor requirements. At one point, for example, Under Secretary Jones told Dream Center officials that she was “worried [Dream Center] [doesn’t] understand how strict accreditation standards are,” and that Dream Center had a “lack of administrative capacity.”⁴¹ However, as detailed in Section VII, the Department would later blame HLC, not Dream Center, for Dream Center’s misunderstanding.

It is important to note that HLC reasonably “expects any institution accredited by HLC to become familiar with HLC policies generally, and in particular, with those that apply to an immediately relevant circumstance such as change of control.”⁴² The Department has agreed with HLC that this is a reasonable expectation.⁴³ Furthermore, throughout all relevant time periods above, HLC’s official policy glossary, which was publicly available on its website, defined candidacy as “Preaccreditation status offering affiliation, **not membership**, with HLC” (emphasis added).⁴⁴ Moreover, other accreditors commonly refer to preaccredited institutions as “candidates for accreditation” or in “candidacy status.”⁴⁵

This is consistent with the plain meaning of the term “candidate.” Critically, Department regulations define preaccredited institutions as unaccredited.⁴⁶

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Under Secretary Jones' emails demonstrate that she understood this policy. On July 10, 2018, Under Secretary Jones emailed a Dream Center official, educating them about what change of control candidacy status means, stating that “[w]hen a change of control takes place, the institution becomes a candidate for reinstatement of accreditation.”⁴⁷ In spite of HLC's clear policies consistent with other accreditors, the Department blames HLC for Dream Center's misinterpretation of HLC policy, faulting HLC for not defining terms more clearly in its November 16, 2017 action letter.

Simply put, the Department is setting a standard that an accrediting agency cannot enter into an agreement with an institution without explicitly defining all terms in the agreement, or cross-referencing definitions of those terms, even if those definitions are publicly available and reflect the commonsense meaning of the words used. Further, the Department absolves Dream Center of its responsibility to understand, or inquire about, the meaning of such terms.

II. Dream Center executives delayed resolving the accreditation dispute to put off the consequences of unaccredited status and though HLC offered Dream Center an appeal, Dream Center executives failed to pursue it in good faith.

In a February 2, 2018 letter, Dream Center commenced its attempts to reverse the agreement it struck with HLC.⁴⁸ Multiple letters between HLC and Dream Center were exchanged on the matter.⁴⁹ In the last of these exchanges, on February 23, 2018, Dream Center made a litany of demands of HLC, including threatening litigation against HLC if it would not enable “[b]oth institutions [to] remain accredited, in the status of Change of Control Candidate for Accreditation.”⁵⁰ Again, a cursory review of HLC's publicly available policies and the Department's regulations demonstrate that Dream Center's request to be both a candidate for accreditation and accredited is impossible. Candidates for accreditation, as the name suggests, are not accredited and therefore cannot “remain accredited” during their candidacy period.

Upon receipt of Dream Center's demands, HLC informed the Committee that it attempted to informally reach out to Dream Center repeatedly during March and April to resolve any lingering issues.⁵¹ Though Dream Center received this outreach, it delayed its response. Further, contemporaneous communications reveal that Dream Center executives and counsel observed “the passage of time, without any apparent adverse impact,” so they decided to “let it sit [because it] provides more runway to operate.”⁵² These emails demonstrate that Dream Center prioritized asking forgiveness rather than permission in order to continue receiving taxpayer dollars.⁵³ HLC interpreted Dream Center's non-responsiveness to its repeated outreach attempts as indication that it “did not wish to communicate further about the matter.”⁵⁴

Dream Center “let it sit” for over a month, responding to HLC's April 17 voicemail on May 21, claiming that HLC's February 7 letter was “unacceptable” and requesting guidance on how to

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appeal its candidacy status.⁵⁵ A week later, HLC accepted Dream Center's request for an appeal and sent Dream Center its appeals procedures document, which directed Dream Center to "submit two copies of the entire submission in paper form."⁵⁶ On May 31, 2018, Dream Center executives internally circulated a proposed notice of the accreditation issue to students, which read in part:⁵⁷

"We are now beginning the process of pursuing an internal appeal with HLC.

We, of course, cannot predict the outcome of the appeal, but we are hopeful that it will be resolved in a favorable manner, and we will keep you closely informed on all developments."

While Dream Center planned to represent to its students that it was appealing its unaccredited status, internal communications suggest Dream Center was actually preparing not to pursue a full appeal. In an email from Dream Center's counsel to multiple Dream Center executives, counsel states:

"I think that, even if all we do is set up a meeting with the HLC Executive Committee in Chicago to get them to 'stand down' to some extent on their position, we are still 'appealing' or challenging the HLC position, so sending out the notice now, but later not actually pursuing a full-blown internal appeal would not be inconsistent."⁵⁸

Ultimately, on June 27, 2018, Dream Center attempted to email its appeal to HLC, but failed because the transmission email misspelled "commission" in all HLC staff email addresses.⁵⁹ Dream Center also failed to transmit two copies in writing to HLC, per HLC policy, which HLC had explicitly communicated to Dream Center and its attorneys.⁶⁰ HLC confirmed to the Department and the Committee that Dream Center never again discussed its appeal with HLC, other than during a call when Dream Center indicated its intent to abandon the appeal.⁶¹ Under Secretary Jones would later send an email to Dream Center confirming that "[i]n the case of HLC, [Dream Center] should be aware that they missed their opportunity to file an appeal."⁶²

Throughout the five-month period during which Dream Center let the accreditation matter sit, documents reveal that HLC repeatedly told Dream Center to inform its "[s]tudents taking classes or graduating during the candidacy period... that their courses or degrees are not accredited by HLC" and that "HLC require[d] that the Institutes provide proper advisement and accommodations to students in light of this action."⁶³

Instead, during this period the accreditation section on the institutions' website falsely stated: "We remain accredited."⁶⁴ Prior to posting this misinformation, a Dream Center Vice President charged with compliance informed her managing executive that "[t]he language... does not match the latest directive from HLC... on what we are required to disclose."⁶⁵ This executive then noted that HLC requires affirmative "disclosure to all students" and that even an accurate website disclosure may not "meet their expectations."⁶⁶

Dream Center did not notify its student body that it was unaccredited until June 20, 2018,⁶⁷ and its website contained misleading information until at least August 23, 2018.⁶⁸

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Students attending the Dream Center institutions eventually sued Dream Center for its fraudulent conduct.⁶⁹ The Committee presented evidence on July 16, 2019 and October 22, 2019 which outlined the nature and extent of Dream Center's misrepresentations.⁷⁰ Dream Center's fraud is indisputable. In fact, a Dream Center admissions official resigned on June 6, 2018 stating, in part, that they could "no longer continue enrolling students without compromising [their] ethics and morals."⁷¹ The Dream Center receiver, currently representing the Dream Center in legal matters, refers to the period of Dream Center's fraud as the "DCEH [Dream Center Education Holdings] Misrepresentation Period."⁷²

III. Department officials took "extraordinary measures" to continue Dream Center's access to federal funds in violation of the HEA and Department regulations, all while Dream Center was defrauding students.

After the Dream Center institutions lost accreditation on January 20, 2018, HLC notified multiple high-ranking Department officials about its letter to Dream Center, providing the Department knowledge of the Dream Center institutions' loss of accreditation.⁷³ This rendered the Dream Center institutions categorically ineligible to receive federal financial aid.⁷⁴ On May 3, 2018, the Department retroactively converted these institutions into non-profits solely to keep funds flowing to the schools.⁷⁵

In early February, Dream Center officials met with the Department's for-profit college oversight director in the Department's Office of Federal Student Aid (Division Director) about its loss of accreditation.⁷⁶ On February 6, 2018, Dream Center transmitted HLC's January 20, 2018 communication to the Division Director, including a copy of HLC's requirement that Dream Center inform its students that they now attended an institution in candidacy (preaccredited) status and "that their courses or degrees are not accredited by HLC."⁷⁷

The Division Director responded to Dream Center on February 12 and indicated that **preaccredited schools are unaccredited under Department regulations.**⁷⁸ The Division Director then reached out to HLC, stating that "candidacy status... could be problematic for the schools [federal financial aid] eligibility."⁷⁹ On March 9, the Division Director and HLC discussed Dream Center's candidacy status by phone, at which point HLC informed the Division Director personally of what he already knew: "candidacy... is not [an] accredited status."⁸⁰ At least by this point, the Department knew that the Dream Center institutions were unaccredited and should have immediately cut off access to federal financial aid.

A preaccredited for-profit institution is categorically ineligible to receive federal funds. The Department put this clearly in a letter to Dream Center, which states "[d]ue to this accreditation status, the [Dream Center institutions] no longer qualif[y] as... eligible institution[s] to participate in [federal financial aid programs]" because federal regulations "do not allow for pre-accredited (or candidacy) status" for for-profit institutions.⁸¹

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However, instead of cutting off financial aid immediately, the Department waited nearly five months and granted the Dream Center institutions temporary interim nonprofit status, back-dated to January 20, 2018, when the Dream Center deal was inked.⁸² According to HLC, the Division Director informed HLC that the Department had taken this “extraordinary measure”⁸³ “[t]o avoid the lapse in eligibility” for federal funding.⁸⁴ In actuality, a five-month lapse in eligibility had already transpired during which Dream Center was receiving funds in violation of HEA and accompanying regulations.

Instead of conducting rigorous oversight of a complex and risky financial transaction, the Department papered over Dream Center’s disqualifying regulatory violation, while its executives were actively misleading students. Hindsight only magnifies this error, as we now know the retroactive non-profit conversion of these schools allowed the Dream Center institutions to remain eligible recipients of federal student aid longer than they would otherwise have been eligible. This allowed more students to become entangled in the Dream Center institutions, increasing the negative impact of the abrupt closure of the schools, which displaced thousands of students and ultimately cost taxpayers at least \$600 million⁸⁵ and potentially up to \$1 billion.⁸⁶

In October 2019, the Committee asked the Department to provide documentation of “[e]very occasion that the Department has retroactively converted a proprietary institution into a non-profit institution.”⁸⁷ To date, the Department has provided no such documentation and the Committee is unaware of any other instance the Department has retroactively converted an institution from for-profit to non-profit status.⁸⁸

IV. Shortly after HLC explicitly informed the Department of Dream Center’s accreditation misrepresentations, Department officials pursued retroactive accreditation for Dream Center, but did not require it to correct those misrepresentations for months.

On May 30, 2018, HLC sent the Department’s accreditation group an email raising many concerns about Dream Center’s conduct.⁸⁹ Principally, this email informed the Department’s accreditation group that Dream Center’s website continued to falsely assert that the Dream Center institutions “remain[ed] accredited” by HLC.⁹⁰

Documents reveal that within weeks of this notification, Under Secretary Jones began to pursue retroactive accreditation, which would effectively whitewash this fraud. But the Department would wait nearly two months before requesting Dream Center correct its false claims,⁹¹ and even then, Dream Center’s website contained misleading information until at least August 23, 2018.⁹²

The Department’s delayed response to this for-profit institutional misrepresentation raises serious questions about its broader oversight of institutional misconduct. Dream Center’s CEO sent a letter to the Committee indicating that Dream Center drafted a complaint against HLC regarding the accreditation dispute.⁹³

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This letter alleges that Under Secretary Jones reached out to Dream Center's CEO in late May or June 2018 to convince him not to initiate a lawsuit and advised him that she would "pursue a more informal and expedited resolution of the accreditation issue."⁹⁴ Contemporaneous email communications obtained by the Committee demonstrate that this informal and expedited resolution was retroactive accreditation.

On June 24, 2018, Dream Center first requested that HLC retroactively accredit Dream Center, accrediting the institution and back-dating the approval to when the Dream Center transaction was finalized.⁹⁵ At that time, guidance issued the prior year by this Administration,⁹⁶ as well as longstanding regulations,⁹⁷ prohibited retroactive accreditation. Two days later, HLC staff, correctly believing retroactive accreditation violated Department regulations and policy, emailed Department career staff requesting clarification on the Department's current retroactive accreditation policy.⁹⁸

Career accreditation staff responded by citing then-current 2017 Department guidance, known as the Bounds Memo, indicating that accreditation decisions "**cannot be made retroactive**" (emphasis added).⁹⁹

Documents reveal that, on June 27, 2018, Under Secretary Jones reached out to HLC staff with "different ideas about [Dream Center]" indicating that the career staff issued the Bounds Memo "in error" and that the Department would "be releasing corrected guidance."¹⁰⁰ Under Secretary Jones further requested that HLC work "exclusively with her at the Department on this issue" and not with Department career staff.¹⁰¹

At the same time that Under Secretary Jones revealed this forthcoming policy change, Department career staff in the Accreditation Group warned HLC staff to "be mindful of current federal regulations on ensuring consistency in decisionmaking," given that retroactive accreditation would be inconsistent with HLC and Department policy.¹⁰² Dr. Barbara Gellman-Danley, the HLC president, stated that Under Secretary Jones' conduct put HLC "in the middle" of career and political staff at the Department by offering conflicting information on the Department's policies, which "posed a dilemma."¹⁰³

HLC staff considered Under Secretary Jones' retroactive accreditation proposal and responded to her by email on July 3, 2018, at 2:08 P.M.¹⁰⁴ In this email, HLC staff stated that the HLC Board could "consider an earlier reinstatement of accreditation" making accreditation effective retroactive to January 19, 2018.¹⁰⁵

However, given Department staffs' warning regarding retroactive accreditation, HLC requested "written assurance from the Department of Education that [retroactive accreditation of the Dream Center institutions] will not jeopardize HLC's [standing with the Department]."¹⁰⁶ That same day, at 2:36 P.M., Under Secretary Jones responded enthusiastically, offering "to provide a written letter to HLC on this specific issue" to allay HLC's concern that retroactive accreditation of Dream Center would negatively impact HLC's standing with the Department.¹⁰⁷

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Less than 30 minutes later, Under Secretary Jones held a conference call with Dream Center executives.¹⁰⁸ Later that day, Dream Center's Chairman of the Board informed Dream Center's regulatory counsel that "[w]e just got off the phone with DOE. It appears HLC is in sync with retro accreditation [sic]."¹⁰⁹ On July 25, 2018, Under Secretary Jones signed and released Department guidance changing Department policy to allow for retroactive accreditation.¹¹⁰

In a hearing before the House Oversight Committee, Representative Shalala asked Under Secretary Jones if her guidance was based in any way on the Dream Center accreditation dispute. Under Secretary Jones responded: "[a]bsolutely not. It had nothing to do with Dream Center."¹¹¹

V. Under Secretary Jones promised to provide HLC with "an easy way" to facilitate retroactive accreditation, but when HLC informed her that it could not lawfully retroactively accredit Dream Center, she questioned its compliance with Department regulations.

In an email exchange with Under Secretary Jones on July 29, 2018, HLC staff informed her that it would conduct site visits at the institutions and provide recommendations to the HLC Board regarding whether the Board should move the institutions from candidate to accredited status.¹¹² The Board would rely on these recommendations to inform their decision whether to confer accreditation on the institutions.

But HLC staff informed Under Secretary Jones that under its policies, the maximum retroactive effective date of such a decision could only be 30 days, which would not cover the more than 5 months Dream Center had misrepresented its status.¹¹³ Under Secretary Jones acknowledged this responding that "[s]ince [HLC's] current retro-accreditation policy goes back only 30 days... there will still be a period of time during which... [the institutions are] not... accredited."¹¹⁴ In fact, not only did HLC's policy prohibit retroactive accreditation beyond 30 days, but so did the Department's own regulations.¹¹⁵

As accreditors must follow their own policies and comply with Department regulations,¹¹⁶ this seemingly foreclosed retroactive accreditation as a solution to Dream Center's problem.

After these site visits occurred, Under Secretary Jones requested HLC update her with the results.¹¹⁷ HLC staff informed Under Secretary Jones that they would recommend reinstatement of accreditation for one institution, but revocation of candidacy status for the other due to persistent non-compliance with HLC policies.¹¹⁸ HLC staff notified Under Secretary Jones that the HLC Board would make a decision concerning these site visit recommendations that fall, on November 1, 2018.¹¹⁹

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Three days before this meeting, according to HLC, Under Secretary Jones reached out to President Gellman-Danley, indicating that she had “an easy way to make this work,” claiming that “she had identified a way for the [HLC] Board to retroactively reinstate the Institutes’ accreditation status” and would “[send] HLC a letter indicating that such a decision by HLC would not be problematic to the Department.”¹²⁰ President Gellman-Danley then reiterated what HLC staff had previously told Under Secretary Jones: that the HLC Board would make the final decision and that retroactive accreditation past 30 days was not consistent with HLC policies.¹²¹

On the night before the HLC Board meeting, instead of providing “an easy way to make this work”¹²² Under Secretary Jones transmitted a letter to HLC that, to President Gellman-Danley’s “shock,”¹²³ chastised HLC for its treatment of the Dream Center institutions, detailing “several concerns regarding [HLC’s candidacy status],” and how HLC implemented it with regard to Dream Center.¹²⁴ This letter asserted that HLC’s November 16, 2017 action letter violated HLC policy and Department regulation.¹²⁵

President Gellman-Danley described this letter to the Committee as inconsistent with HLC and Under Secretary Jones’ months-long communications,¹²⁶ including those where Under Secretary Jones herself acknowledges that the institutions are not accredited to HLC.¹²⁷ In fact, Under Secretary Jones’ emails with Dream Center officials reveal that she was familiar with Candidacy status. In one such communication she explains change of control candidacy status to Dream Center officials, writing “When a change of control takes place, the institution becomes a candidate for reinstatement of accreditation.”¹²⁸

That night, Under Secretary Jones discussed this letter further by phone with President Gellman-Danley and Vice President Sweeney. Both President Gellman-Danley and Vice President Sweeney asserted to the Committee and Department that on this call they “expressed deep concerns that the letter was both inaccurate and inappropriate in terms of timing,” because Under Secretary Jones transmitted it on the eve of the HLC Board meeting on this very issue.¹²⁹ President Gellman-Danley stated that she believed Under Secretary Jones sent this letter “to see [President Gellman-Danley’s] reaction.”¹³⁰

Both President Gellman-Danley and Vice-President Sweeney stated to the Committee that after seeing President Gellman-Danley’s distraught reaction, Under Secretary Jones then recommended “the [HLC] Board could rescind its November 2017 action entirely,” and offered to retract her letter that had caused HLC concern.¹³¹

President Gellman-Danley informed the Committee that later that night, Under Secretary Jones called her back, indicating that “the Department could not retract the letter” but HLC only needed to respond by email that HLC intended to review its policies.¹³² HLC did review its policies and confirmed as much to the Under Secretary via email. In accordance with its policies and Department regulations mandating accreditor consistency in decisionmaking and prohibiting back-dating of nearly all accreditation decisions, HLC did not retroactively accredit Dream Center. Accreditors operate independently from the Department,¹³³ and the Department is prohibited by law from interfering in accreditor decisionmaking.

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President Gellman-Danley stated that Under Secretary Jones' personal engagement on this issue was unusual; and, HLC later clarified that it believes the Department was and is attempting to commandeer HLC's accrediting process by "strong-arming" HLC into retroactive accreditation, in violation of law.¹³⁴

VI. Documents Reviewed by the Committee Contradict the Department's Narrative of Events.

In addition to this Committee's investigation, multiple other members of Congress and Congressional committees have requested information from the Department on its handling of Dream Center's fraud. The Department's responses to key questions appear to have been false and misleading.

First, in response to Senator Durbin's questions for the record to Congress, the Department claimed that Under Secretary Jones first learned of "any reference to CCC-Status [Change of Control Candidacy Status] being a non-accredited status" on July 10, 2018.¹³⁵ The documents described above demonstrate that the Department's claim is false. In one example, Under Secretary Jones reached out to HLC on June 27, 2018, two weeks before July 10, putting forward her retroactive accreditation proposal. The sole purpose of this proposal was to address Dream Center's non-accredited status.¹³⁶

Furthermore, a wealth of evidence including Under Secretary Jones' own contemporaneous emails (Exhibits 14, 45, 26, and 46),¹³⁷ the contemporaneous emails of multiple Dream Center officials (Exhibits 47, 48, and 44),¹³⁸ a recording of a Dream Center official,¹³⁹ a signed letter from the Dream Center CEO (Exhibit 37),¹⁴⁰ the contemporaneous emails of other Department staff (Exhibit 39 and 43),¹⁴¹ contemporaneous HLC staff email (Exhibits 43 and 44),¹⁴² and statements by two HLC staff (Exhibit 8 and 53)¹⁴³ demonstrate that Under Secretary Jones was actively engaged in discussions regarding Dream Center's non-accredited status at least two weeks before July 10, 2018.

The Department has yet to explain the discrepancy regarding when Under Secretary Jones first learned that the Dream Center institutions were unaccredited.

Second, the Department further asserted to Senator Durbin that "the Department believed that the campuses were in an accredited status [as of a June 14 meeting with Dream Center officials] or the Department would not have allowed the institutions to participate in [federal financial aid] programs."¹⁴⁴ Though it is unclear who "the Department" refers to specifically, many documents demonstrate that various high-ranking Department officials knew Dream Center was unaccredited prior to June 14, including at least one official in attendance at the June 14 meeting.¹⁴⁵

While the Committee does not have a full list of the Department's participants at that meeting, documents reveal that the Division Director, with whom Dream Center¹⁴⁶ and HLC¹⁴⁷ separately discussed Dream Center's loss of accreditation in February 2018 and March 2018 respectively, was in attendance.¹⁴⁸

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In fact, as described in Section III, the Division Director not only knew that these institutions were unaccredited, but took official Department action to continue the flow of federal funds to the institutions despite its loss of accreditation.

The Department's inaccurate timeline of events in these two instances is material to the Committee's investigation. According to the Department's timeline, Under Secretary Jones found out the schools were unaccredited on July 10, 2018 and directed Dream Center to correct its website a week later, on July 18, 2018. In reality, Under Secretary Jones knew Dream Center was unaccredited at least by June 26, but when she found out she first attempted to obtain retroactive accreditation on Dream Center's behalf, and when she failed to do so over a three week period, she finally asked Dream Center to inform students.¹⁴⁹

Third, in testimony before the House Oversight and Government Reform Committee (House Oversight), Under Secretary Jones minimized her extensive and well-documented communications with HLC in late June and early July when she claimed "I do believe that somebody from HLC called me to ask me about retroactive accreditation, and I did let them know that we were revising our guidance. This was something that many accreditors were following and waiting for."¹⁵⁰ President Gellman-Danley and Dr. Anthea Sweeney, HLC's Vice President for Governmental Affairs, later informed the Committee that until Under Secretary Jones' call, no Department staff or official indicated the Department would revise this guidance.¹⁵¹

HLC describes Under Secretary Jones' testimony on this point as "at odds" with the contemporaneous documentation of her correspondence.¹⁵² Documents appear to corroborate HLC's account. A June 27, 2018 email from Department staff to a Dream Center official states that "I got word yesterday that Diane Jones was going to reach out to HLC" about the accreditation dispute.¹⁵³ And a June 27, 2018 email from HLC staff to Department staff states that "Diane Auer Jones... has now reached out to [HLC] with different ideas about the [institutions], despite [the Bounds] memo."¹⁵⁴ Under Secretary Jones' testimony here framed her correspondence as though HLC was independently considering issues of retroactive accreditation, following the Department's policy development in this area, and raised the issue with her. But the above-referenced documents show that this was not the case.

Fourth, Under Secretary Jones testified that she "[did not] remember texting" with Dream Center officials, though she conceded that she did "remember receiving a text from [Dream Center's government liaison] that she wanted to talk."¹⁵⁵ Records demonstrate that Under Secretary Jones routinely texted with multiple Dream Center officials, including Dream Center's CEO, government liaison, and outside counsel.¹⁵⁶

In fact, Dream Center officials once complained that "[o]ne of major issues we are facing is the mode of communication between [the Department] and [Dream Center]," suggesting that "even something in email format" would be preferable to texts.¹⁵⁷ Under Secretary Jones sent and received more than 100 texts with Dream Center officials.¹⁵⁸ These messages touch various issues including coordination around accreditation and retroactive accreditation,¹⁵⁹ requests to Under Secretary Jones to expedite federal fund disbursement to Dream Center,¹⁶⁰ and Dream Center's media strategy.¹⁶¹

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Further, the Department's records policy "prohibit[s] all employees from using personal email or messaging applications to conduct Department business."¹⁶² The Department's Office of Inspector General (OIG) has reported that "[t]he Department provided training to **all political appointees** on the requirements of this policy," (emphasis added) which would include the Under Secretary.¹⁶³ It remains unclear whether Under Secretary Jones' messages violated this policy, but her testimony made it appear as though her interactions with Dream Center were more limited and more formal than they actually were.

Finally, as described above, Under Secretary Jones testified before House Oversight that her July 25 guidance,¹⁶⁴ rescinding recently issued guidance prohibiting retroactive accreditation, which paved the way for her retroactive accreditation proposal, "had nothing to do with Dream Center."¹⁶⁵ However, documents and recordings reveal that, at a minimum, Dream Center was made aware of the Department's guidance **before it was released to the public**. And this policy change facilitated Under Secretary Jones' retroactive accreditation proposal to HLC by rescinding the Bounds Memo, which prohibited retroactive accreditation.¹⁶⁶ Had Under Secretary Jones not changed this policy, her proposal to HLC would be impossible to achieve.

On July 11, two weeks **before** Under Secretary Jones released guidance allowing for retroactive accreditation, the Chief Operating Officer (COO) of Dream Center told a group of students that the Department "went so far as to change a regulation at DOE to make it easy for HLC to help us."¹⁶⁷ Later during that conversation, the Dream Center COO stated that accreditation, if restored, would be retroactive because "the DOE changed their regulation over here to open the door to letting it happen."¹⁶⁸ In this conversation, the Dream Center COO refers to Under Secretary Jones by name as Dream Center's Department contact.¹⁶⁹ And documents demonstrate that a week before this recording, three weeks before the guidance was released, Under Secretary Jones discussed retroactive accreditation these Dream Center officials.¹⁷⁰

Critically, the Bounds Memo was not a years-old, forgotten policy that simply needed updating, but an action that the Trump Administration undertook only a year before.¹⁷¹ In fact, when commenting on the substance of the Bounds Memo to the National Advisory Committee on Institutional Quality and Integrity, the Department reported that it "was vetted and supported by the senior leadership at the Department."¹⁷²

Less than a year before Under Secretary Jones changed Department policy, a Department Assistant Secretary, appointed by President Trump, found an accreditor out of compliance with Department regulations, stating that "the definition of 'accreditation' found in Department regulations requires its status to apply only prospectively."¹⁷³ Though the Department has not provided documentation that can clarify the surrounding circumstances, various contemporaneous documents and recordings seriously undermine Under Secretary Jones' unequivocal claim that her guidance "had nothing to do with Dream Center."

The Department and the Under Secretary's false and misleading statements to Congress have distorted the Congressional and public record.

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The Department has responded to the Committee's inquiries claiming that it has "conclusively refuted the Committee's charges that special treatment was given to Dream Center management by Acting Under Secretary Jones and the Department with respect to 'retroactive accreditation.'"¹⁷⁴

This is in apparent contradiction with the content of the Under Secretary's own emails, Dream Center officials internal emails, and statements by multiple HLC officials, all enclosed with this report.

VII. The Department opened an investigation into HLC's actions shortly after the Committee's investigation into the Department and has since publicly blamed HLC for the problems arising out of the accreditation dispute.

Though Under Secretary Jones sent HLC a letter on October 31, 2018, chastising for its actions in this case, it requested no information and did not indicate that the Department would be investigating HLC.¹⁷⁵ And while the Department now claims that HLC was at fault for the accreditation dispute, the Department did not initiate an investigation into HLC's conduct for nearly two years. On October 24, 2019, two days after the Committee's second inquiry to the Department about Dream Center's misconduct,¹⁷⁶ the Department opened an investigation into HLC.¹⁷⁷

Two weeks later, the Department cancelled the loans of all students attending the relevant Dream Center institutions during its months-long fraud.¹⁷⁸ In its press release, the Department blamed HLC, not Dream Center, for harming students, and claimed that HLC's decade-old accreditation status of change of control candidacy was "newly developed and improperly defined."¹⁷⁹ The timing and nature of these events raises questions about the Department's motivations for investigating HLC.

The Department's draft compliance report in this investigation asserts that HLC violated Department regulations in two ways: 1) HLC revoked Dream Center's accreditation, in violation of its own policies, and 2) HLC deprived Dream Center of its rights to due process, by not affording Dream Center a timely appeal.¹⁸⁰ However, as detailed in sections I and II of this report, 1) HLC told Dream Center in writing that accepting candidacy status would result in a loss of accreditation and Dream Center repeatedly accepted candidacy status; and 2) though HLC provided Dream Center an opportunity to appeal, internal Dream Center communications demonstrate that it did not pursue this appeal in good faith.

In response to the Department's investigation, HLC has provided detailed responses and has described its actions to address the Department's perceived shortcomings of HLC's regulatory compliance.¹⁸¹

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However, through HLC's communications with the Department, it believes that "the Department is only interested in having HLC retroactively accredit the [Dream Center institutions], an action that would only ratify [Dream Center's] inaccurate disclosures after the fact."¹⁸² In fact, HLC alleges that Department staff explicitly indicated that retroactive accreditation of these institutions "would resolve the entirety of this compliance inquiry."¹⁸³ This has led HLC to believe that "the Department is attempting to strong-arm HLC into retroactively accrediting the [Dream Center] institutions... an action inconsistent with HLC's accrediting policies and standards, and importantly, which may exacerbate the burden students have suffered as a result of the actions of [Dream Center]."¹⁸⁴

HLC's belief that retroactively accrediting Dream Center institutions would harm students is well supported. The Dream Center receiver has proclaimed that Dream Center will pursue the privately held student loan debts of all defrauded students if, and only if, HLC retroactively accredits these institutions.¹⁸⁵ Dream Center asserts that if HLC retroactively accredits these institutions, students "would have received the benefit of their bargain: class credits from an accredited institution."¹⁸⁶ And the Dream Center estate would ultimately enforce those debts against students for the benefit of Dream Center's investors.¹⁸⁷

Put differently, retroactive accreditation of these institutions at this point would insulate investors in a fraudulent for-profit college from liability, while transferring that liability to the students it defrauded.

Though more information is needed to draw firm conclusions about the Department's investigation into HLC, the sum of evidence in the Committee's possession indicates that Dream Center acted in bad faith during this period. Yet the Department continues to blame HLC for harms caused by Dream Center's fraud. HLC's allegations, and the apparent injury to students if the Dream Center institutions obtain retroactive accreditation, raise serious questions regarding the Department's use of its investigative authority and the Department's judgment and impartiality.

VIII. Conclusion

The Committee's investigation has raised troubling questions regarding the Department's oversight and coordination with Dream Center. The facts outlined above demonstrate that the Department knew Dream Center was unaccredited in early February 2018, and HLC specifically informed the Department's Accreditation Group in May 2018 that Dream Center misrepresented this fact to students, but the Department took no action until July 2018.

It is also deeply troubling that, despite negotiations spanning over one year's time, the Department has continued to withhold essential documentary and testimonial information requested by the Committee.¹⁸⁸ In fact, the Department did not provide any of the substantive documents enclosed to this report directly to the Committee. The Committee will continue to seek answers to questions on which the Department to date has been unresponsive.

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- 1 Exhibit 1, Brent Richardson, Letter to Secretary Betsy DeVos (Nov. 23, 2018).
- 2 See Exhibit 2, U.S. Dept. of Education Responses to Sen. Murray Questions for the Record (July 19, 2019).
- 3 Exhibit 3, Higher Learning Commission, *Public Disclosure Notice* (Jan. 20, 2018).
- 4 Compl. at 14, *Dunagan v. Dream Ctr.*, (N.D. Ill.) (1: 19-cv-00809).
- 5 Perrelli, Thomas Settlement Administrator, *Third Annual Report of the Settlement Administrator Under the Consent Judgments with Education Management Corporation (EDMC) as Succeeded by Dream Center Education Holdings*, p. 44 (Sept. 30, 2018). Additionally, according to court filings, a Dream Center executive met with students on July 11, 2018 and again falsely indicated that the schools were accredited. Compl. at 16, *Dunagan v. Dream Ctr.*, (N.D. Ill.) (1: 19-cv-00809) ("At one meeting, a student asked why DCEH did not tell students for over two quarters about the loss of accreditation. Mr. Crowley responded that HLC "put us into what we call candidacy status, which means you're still accredited.")
- 6 See Exhibit 4, Redacted, *My Feedback* (June 1, 2018).
- 7 Exhibit 5, David Harpool, *Re: HLC - Call from Outside Counsel* (Apr. 19, 2018).
- 8 Exhibit 6, Ronald Holt, *HLC Schools Proposed Student Notice (with attachment)* (May 31, 2018).
- 9 *Id.*
- 10 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 23 (Nov. 13, 2019).
- 11 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 29 (Nov. 13, 2019); see also Exhibit 8, Transcribed Interview with Gellman-Danley, p. 29-31 (2020).
- 12 Exhibit 8, Transcribed Interview with Gellman-Danley, p. 23 (2020). ("[W]e felt and we continue to feel caught in the middle.")
- 13 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 29-30 (Nov. 13, 2019); see also Exhibit 8, Transcribed Interview with Gellman-Danley, p. 29 (2020).
- 14 See generally Exhibit 9, Lynn Mahaffie, Letter to President Gellman-Danley (Oct. 24, 2019).
- 15 See *id.*; see also Danielle Douglas-Gabriel, *DeVos cancels nearly \$11 million in student loans that the Education Dept. sent to unaccredited for-profit colleges* (Nov. 8, 2019).
- 16 The Higher Education Act and its implementing regulations specify that a non-profit institution can receive federal student aid if it is either fully accredited or pre-accredited, but a for-profit IHE must be fully accredited to receive aid. See also 20 U.S.C. § 1001-02 (defining an eligible institution as either proprietary and fully accredited or non-profit or public and preaccredited or fully accredited); 34 C.F.R. § 600.5(a)(6)(requiring a proprietary institution of higher education to be fully accredited to qualify as an eligible institution for purposes of the Title IV, I-IEA programs); but see 34 C.F.R. 600.4(a)(5)(i)(allowing a private nonprofit institution to qualify as an eligible Title IV institution with preaccredited (candidacy) status.)
- 17 See generally Dream Center Follow-up; see also Exhibit 10, Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 02078900, (May 3, 2018); Exhibit 11 Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 01258400, (May 3, 2018).
- 18 Exhibit 12, Michael Frola, *Dream Center* (Feb. 23, 2018).
- 19 See Exhibit 10, Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 02078900, (May 3, 2018); Exhibit 11 Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 01258400, (May 3, 2018).
- 20 See Exhibit 13, U.S. Dept. of Education Responses to Sen. Durbin Questions for the Record (May 28, 2019).
- 21 See Exhibit 14, Diane Auer Jones, *RE: Art Institutes* (June 27, 2018); see also Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 22-23 (Nov. 13, 2019).
- 22 *Id.*
- 23 Exhibit 15, Higher Learning Commission, *Summary Report to the Board of Trustees for Change of Control, Structure, of Organization*, p. 22 (Oct. 3, 2017). While this report does not define terms of art, such as "candidate" for accreditation, it does clearly draw distinctions between full accreditation and candidate for accreditation throughout. For instance, the report notes that if it recognizes the institution as a candidate for accreditation, "[t]he institution [is required to] portray clearly and accurately to the public its accreditation status with national, specialized, and professional accreditation agencies as well as with the Higher Learning Commission, including a clear distinction between Candidate or Accredited status and an intention to seek status." *Id.* at 16.
- 24 Exhibit 16, Higher Learning Commission, *Notification of Pre-approval Subject to Change of Control Candidacy*

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Status, pp. 5-6 (Nov. 16, 2017).

²⁵*Id.* at 4.

²⁶*Id.* at 4.

²⁷ Exhibit 17, Josh Pond, *Re: HLC Action Letter for EDMC Institutions* (Nov. 29, 2017).

²⁸ *Id.*

²⁹ *See id.*

³⁰ Exhibit 18, Josh Pond, *Re: Important Notification: Formal Letter Required* (Jan. 3, 2017).

³¹ Exhibit 19, Brent Richardson et al., *Accepting Change of Control Candidacy Status* (Jan. 4, 2018).

³² Exhibit 20, Higher Learning Commission, *Notification of HLC Board Action* (Jan. 12, 2018).

³³ *Id.*

³⁴ Exhibit 21, Josh Pond, *Re: Illinois Institute of Art and Art Institute of Colorado transaction closing* (Jan. 20, 2018).

³⁵ Exhibit 3, Higher Learning Commission, *Public Disclosure Notice* (Jan. 20, 2018).

³⁶ Exhibit 19, Brent Richardson et al., *Accepting Change of Control Candidacy Status* (Jan. 4, 2018).

³⁷ Exhibit 22, Ron Holt and David Harpool to Higher Learning Commission, *Re: The Art Institute of Colorado and the Illinois Art Institute 1* (Feb. 2, 2018).

³⁸ In this letter, Dream Center describes candidacy as “essentially pre-candidacy, not candidacy” because HLC correctly refers to candidacy as “unaccredited.” Dream Center continues stating that “rather than litigate the Commission's decision concerning the Institutions’ status, our client, in good faith, were led by the Commission to believe that, if they accepted the terms proposed by the Commission, they would immediately be put on a path to regaining/maintaining accreditation under the new ownership.” *Id.*

³⁹ *Id.*

⁴⁰ Exhibit 16, Higher Learning Commission, *Notification of Pre-approval Subject to Change of Control Candidacy Status*, pp. 5-6 (Nov. 16, 2017).

⁴¹ Exhibit 23, Diane Auer Jones, *Re: Student Scholarships* (Sept. 13, 2018).

⁴² *See* Exhibit 24, President Gellman-Danley, Letter to Lynn Mahaffie p. 25 (Mar. 20, 2020).

⁴³ *See* Exhibit 25, President Gellman-Danley, Letter to Annmarie Weisman, p. 11 (June 30, 2020).

⁴⁴ Higher Learning Commission, *Glossary of HLC Terminology*, www.HLCcommission.org, <https://www.hlcommission.org/General/glossary.html> (last visited July 21, 2020).

⁴⁵ *See, e.g.*, Middle States Commission on Higher Education, *Becoming Accredited by the Middle States Commission on Higher Education*, msche.org, <https://www.msche.org/accreditation/becoming-accredited/> (last visited July 21, 2020) (“An institution seeking accreditation with the MSCHE must be able to meet the Commission’s requirements of affiliation and demonstrate the ability to comply with its standards for accreditation within the federally mandated limit of five years in pre-accreditation status (called Candidate for Accreditation status in MSCHE).”)

⁴⁶ 34 C.F.R. § 600.2 (Then-current regulations define “Preaccredited” as “A status that a nationally recognized accrediting agency, recognized by the Secretary to grant that status, has accorded an unaccredited public or private nonprofit institution that is progressing toward accreditation within a reasonable period of time.”)

⁴⁷ Exhibit 26, Diane Auer Jones, *Re: HLC ColoradoArtInstituteVisitSchedule_Draft_7-10-18.docx* (July 10, 2018).

⁴⁸ Exhibit 22, Ron Holt and David Harpool, Letter to Higher Learning Commission, *Re: The Art Institute of Colorado and the Illinois Art Institute 1* (Feb. 2, 2018).

⁴⁹ *See* generally, Exhibit 22, Ron Holt and David Harpool, Letter to Higher Learning Commission, *Re: The Art Institute of Colorado and the Illinois Art Institute 1* (Feb. 2, 2018); Exhibit 27, Higher Learning Commission, *Revised Public Disclosure Notice* (Feb. 7, 2018); Exhibit 28, Ron Holt and David Harpool, Letter to Higher Learning Commission, *Re: The Art Institute of Colorado and the Illinois Art Institute 2* (Feb. 23, 2018).

⁵⁰ Exhibit 28, Ron Holt and David Harpool, Letter to Higher Learning Commission, *Re: The Art Institute of Colorado and the Illinois Art Institute 2* (Feb. 23, 2018).

⁵¹ *See* Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 19 (Nov. 13, 2019).

⁵² Exhibit 5, David Harpool, *Re: HLC - Call from Outside Counsel* (Apr. 19, 2018).

⁵³ *Id.* (“Given the passage of time, without any apparent adverse impact on the two Art Institutes from HLC's faulty and unfair characterization of the accreditation status of these two schools, I am wondering how much of an attack we want to make here, assuming that USDOE treats the schools as being in "pre-accreditation" status and therefore remaining eligible for Title IV aid?”)

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- 54 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 19 (Nov. 13, 2019).
- 55 Exhibit 29, Ron Holt and David Harpool, Letter to Higher Learning Commission, *Re: The Art Institute of Colorado and the Illinois Art Institute 3* (May 21, 2018).
- 56 Higher Learning Commission, *Policy Book*, Sec. 3, Ch. A, Rule INST.E.90.010, p. 137 (Feb. 2019).
- 57 Exhibit 6, Ronald Holt, *HLC Schools Proposed Student Notice (with attachment)* (May 31, 2018).
- 58 *Id.* This content was originally contained in Chairman Scott's July 16, 2019 letter to Secretary DeVos. See Dream Center Initial Investigatory Letter.
- 59 Exhibit 30, Chris Richardson, *Appeal of HLC Decision regarding the Art Institute of Colorado and Illinois Institute of Art* (June 27, 2018).
- 60 See Exhibit 31, President Gellman-Danley, Letter to Lynn Mahaffie, p. 3-4 (Jan. 13, 2020).
- 61 See *id.* p. 2-3 ("neither DCEH, the Institutes, nor HLC thereafter referenced the June 27 Letter, which HLC did not know existed, or otherwise thought any appeal process was underway as a result of the June 27 Letter. In fact, as further explained below, HLC's representatives participated in a June 26 conference call with representatives of DCEH and the Institutes that led HLC to believe that DCEH no longer intended to follow up with any appeal.")
- 62 Exhibit 32, Principal Deputy Under Secretary Diane Auer Jones, *Email to Shelly Murphy re: Accreditation Compliance Information* (Aug. 2, 2018).
- 63 See, Exhibit 3, Higher Learning Commission, Public Disclosure Notice (Jan. 20, 2018) and see Exhibit 27, Higher Learning Commission, Revised Public Disclosure Notice (Feb. 7, 2018).
- 64 Perrelli, Thomas Settlement Administrator, *Third Annual Report of the Settlement Administrator Under the Consent Judgments with Education Management Corporation (EDMC) as Succeeded by Dream Center Education Holdings*, p. 44 (Sept. 30, 2018). Additionally, according to court filings, a Dream Center executive met with students on July 11, 2018 and again falsely indicated that the schools were accredited. Compl. at 16, *Dunagan v. Dream Ctr.*, (N.D. Ill.) (1:19-cv-00809) ("At one meeting, a student asked why DCEH did not tell students for over two quarters about the loss of accreditation. Mr. Crowley responded that HLC "put us into what we call candidacy status, which means you're still accredited.")
- 65 Exhibit 33, Deana Echols, *Re: Final Call – HLC Eligibility Filing* (Mar. 2, 2018).
- 66 Exhibit 33, Deana Echols, *Re: Final Call – HLC Eligibility Filing* (Mar. 2, 2018).
- 67 Compl. at 14, *Dunagan v. Dream Ctr.*, (N.D. Ill.) (1:19-cv-00809).
- 68 Exhibit 34, Anthea Sweeney, *RE: Art Institutes: An Update* (Aug. 23, 2018).
- 69 See generally compl. at 14, *Dunagan v. Dream Ctr.*, (N.D. Ill.) (1:19-cv-00809).
- 70 See Dream Center Initial Investigatory Letter; Dream Center Follow-up.
- 71 See Exhibit 4, Redacted, *My Feedback* (June 1, 2018).
- 72 Mot. to Delay Enforcement of the Mar. 23, 2020 Order Granting the Joint Mot. To Amend the Dec. 5, 2019 Order 2, *Digital Media Solutions v. South University*, (N.D.OH.) (Case: 1:19-cv-00145-DAP).
- 73 See Exhibit 3, Higher Learning Commission, *Public Disclosure Notice* (Jan. 20, 2018); see also, Exhibit 35, Lisa Noack, *HLC Action Letter for EDMC Institutions* (Jan. 23, 2018). (It should be noted that HLC did not transmit this notice to the Department officials until January 23, 2018).
- 74 See generally Dream Center Follow-up; see also Exhibit 10, Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 02078900, (May 3, 2018); Exhibit 11 Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 01258400, (May 3, 2018).
- 75 See *id.*
- 76 See Exhibit 36, Shelly Murphy, *RE: PDN – EDMC CofC Candidacy Jan 2018 Colo.pdf* (Feb. 12, 2018); see also Exhibit 37 Brent Richardson, Letter to Chairman Robert C. "Bobby" Scott (Mar. 6, 2020).
- 77 See Exhibit 36, Shelly Murphy, *RE: PDN – EDMC CofC Candidacy Jan 2018 Colo.pdf* (Feb. 12, 2018); Exhibit 3, Higher Learning Commission, *Public Disclosure Notice* (Jan. 20, 2018).
- 78 See Exhibit 36, Shelly Murphy, *RE: PDN – EDMC CofC Candidacy Jan 2018 Colo.pdf* (Feb. 12, 2018).
- 79 Exhibit 12, Michael Frola, *Dream Center* (Feb. 23, 2018).
- 80 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 19-20 (Nov. 13, 2019); see also Exhibit 38, Anthea Sweeney, *RE: Alternative Options for a Call* (Mar. 8, 2018).
- 81 Exhibit 10, Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 02078900, (May 3, 2018); Exhibit 11 Frola,

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Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 01258400, (May 3, 2018).

⁸² *Id.* at 20.

⁸³ See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 20 (Nov. 13, 2019).

⁸⁴ Exhibit 10, Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: *Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 02078900*, (May 3, 2018); Exhibit 11 Frola, Michael, U.S. Dept. of Education, Office of Federal Student Aid, RE: *Interim Decision on Change of Ownership and Conversion to Nonprofit status OPE ID: 01258400*, (May 3, 2018).

⁸⁵ See Exhibit 2, U.S. Dept. of Education Responses to Sen. Murray Questions for the Record (July 19, 2019).

⁸⁶ Exhibit 1, Brent Richardson, Letter to Secretary Betsy DeVos (Nov. 23, 2018).

⁸⁷ See Dream Center Initial Investigatory Letter; Dream Center Follow-up.

⁸⁸ Chairman Scott originally released this content in an October 22, 2019 letter to the Department. Conforming edits have been made to this section. See *id.*

⁸⁹ Exhibit 39, Anthea Sweeney, RE: *Urgent Question Regarding Suspending a Required Evaluation* (May 30, 2018).

⁹⁰ *Id.*

⁹¹ See Exhibit 13, U.S. Dept. of Education Responses to Sen. Durbin Questions for the Record p. 4 (May 28, 2019).

⁹² Exhibit 34, Anthea Sweeney, RE: *Art Institutes: An Update* (Aug. 23, 2018).

⁹³ See Exhibit 37 Brent Richardson, Letter to Chairman Robert C. "Bobby" Scott (Mar. 6, 2020).

⁹⁴ See *Id.*

⁹⁵ Exhibit 40, David Harpool, RE: *DCEH and The Art Institutes* (June 24, 2018); see also, See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 21 (Nov. 13, 2019) (HLC later noted that "Although not explicitly using the term "retroactive accreditation," this proposal was tantamount to retroactive reinstatement of accreditation.")

⁹⁶ Exhibit 41, U.S. Dept. of Education, Office of Postsecondary Education, *Accreditation Effective Date*, (June 6, 2017).

⁹⁷ Regulations finalized by the Department in October 2009 and effective July 1, 2010, through July 1, 2020, specified that "The agency may determine the procedures it uses to grant prior approval of the substantive change. However, these procedures must specify an effective date, **which is not retroactive**, on which the change is included in the program's or institution's accreditation. An agency may designate the date of a change in ownership as the effective date of its approval of that substantive change if the accreditation decision is made within 30 days of the change in ownership. Except as provided in paragraph (c) of this section, these procedures may, but need not, require a visit by the agency." (emphasis added). 34 C.F.R. § 602.22(b), available at <https://www.regulations.gov/document?D=ED-2009-OPE-0009-0023>.

⁹⁸ See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 22 (Nov. 13, 2019).

⁹⁹ See Exhibit 42, Elizabeth Daggett, RE: *Memo from Herman Bounds* (June 26, 2018).

¹⁰⁰ See Exhibit 14, Diane Auer Jones, RE: *Art Institutes* (June 27, 2018); see also Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 22 (Nov. 13, 2019); Exhibit 43, Anthea Sweeney, RE: *Cmte on Accreditation Notes* (June 27, 2018); Exhibit 44, Michael Frola, RE: *HLC* (June 27, 2018).

¹⁰¹ See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 23 (Nov. 13, 2019).

¹⁰² See Exhibit 14, Diane Auer Jones, RE: *Art Institutes* (June 27, 2018); see also Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 22 (Nov. 13, 2019); Exhibit 43, Anthea Sweeney, RE: *Cmte on Accreditation Notes* (June 27, 2018)(documenting a meeting between HLC and Department career staff on this issue).

¹⁰³ Exhibit 8, Transcribed Interview with Gellman-Danley, p. 23 (2020). ("Q: And in your experience in higher education, in your experience in accreditation, was this type of contact with the Under Secretary common? A: No. However, a lot of the interaction was positive. It was a matter of looking forward and seeing what could be done. This particular issue you are discussing, however, posed a dilemma, and it has been a continued dilemma. We have great respect for the career staff. And Anthea Sweeney is very, very much in touch with the career staff. When in doubt, we ask very detailed questions to assure our compliance and, in many ways, to assure our institutions' compliance. And to have somebody at a higher level suggest an alternate path was confusing. And we felt and we continue to feel caught in the middle.")

¹⁰⁴ Exhibit 45, Diane Auer Jones, RE: *Dream Center/Art Institutes Follow-up* (July 3, 2018).

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

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107 *Id.*

108 See Exhibit 46, Diane Auer Jones, *RE: Sample student Letters* (July 3, 2018); see also Exhibit 47, Shelly Murphy, *Re: Call with Diane Jones* (July 3, 2018).

109 Exhibit 48, Barton, Randall, *Re HLC - Any News* (July 3, 2018).

110 Exhibit 49, U.S. Dept. of Education, Office of Postsecondary Education, *Retroactive establishment of the date of accreditation*, (July 25, 2018); but see *supra* note 97 (Then current regulations still prohibited retroactive accreditation.)

111 *Examining For-Profit College Oversight and Student Debt*: Hearing Before the Subcomm. on Economic and Consumer Policy of the H. Comm. On Oversight and Reform, 116th Cong. (2019) (questioning by Rep. Shalala of Undersec'y Jones) available at <https://oversight.house.gov/legislation/hearings/examining-for-profit-collegeoversight-and-student-debt>.

112 See Exhibit 50, Diane Auer Jones, *Re: Art Institutes: Teach Out Plans: HLC's Acknowledgement of Receipt* (July 30, 2018).

113 See *id.*

114 See *id.*

115 See *supra* note 97 (Then current regulations still prohibited retroactive accreditation.)

116 See *id.*

117 Exhibit 34, Anthea Sweeney, *RE: Art Institutes: An Update* (Aug. 23, 2018).

118 *Id.*

119 *Id.*

120 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 29 (Nov. 13, 2019); see also Exhibit 8, Transcribed Interview with Gellman-Danley, p. 29-31 (2020).

121 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 29-30 (Nov. 13, 2019); see also Exhibit 8, Transcribed Interview with Gellman-Danley, p. 29 (2020).

122 See Exhibit 8, Transcribed Interview with Gellman-Danley, p. 29 (2020); see also Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 29-30 (Nov. 13, 2019).

123 See Exhibit 8, Transcribed Interview with Gellman-Danley, p. 30 (2020).

124 See Exhibit 51, Under Secretary Jones, Letter to President Gellman-Danley p. 2 (Oct. 31, 2018).

125 See generally Exhibit 51, Under Secretary Jones, Letter to President Gellman-Danley p. 2 (Oct. 31, 2018).

126 Exhibit 8, Transcribed Interview with Gellman-Danley, p. 31-32 (2020). (Q: "So, when you received this October 31, 2018, letter, was the content of the letter consistent with your conversations to date?" A: "No. I want to make sure I say that so you can hear me and not use a nonverbal. It was not. It was totally the first time any of those issues had been raised.")

127 See Exhibit 50, Diane Auer Jones, *Re: Art Institutes: Teach Out Plans: HLC's Acknowledgement of Receipt* (July 30, 2018) (Jones stating: "the institutions are not accredited and will not be accredited unless HLC makes the decision to grant accreditation. The communication will also make it clear that if HLC does grant accreditation, it is HLC that will determine the date on which that accreditation is effective and until that time, the institution is not accredited."); Exhibit 26, Diane Auer Jones, *Re: HLC ColoradoArtInstituteVisitSchedule_Draft_7-10-18.docx* (July 10, 2018)(Under Secretary Jones stating: "When a change of control takes place, the institution becomes a candidate for reinstatement of accreditation.").

128 Exhibit 26, Diane Auer Jones, *Re: HLC ColoradoArtInstituteVisitSchedule_Draft_7-10-18.docx* (July 10, 2018).

129 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 30 (Nov. 13, 2019).

130 Exhibit 8, Transcribed Interview with Gellman-Danley, p. 34 (2020).

131 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 30-31 (Nov. 13, 2019).

132 See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 31 (Nov. 13, 2019); See also Exhibit 8, Transcribed Interview with Gellman-Danley, p. 34 (2020)("I said, "I don't get this. I mean, I'm really flabbergasted. What is this letter? We've had all these conversations. You've never mentioned that there was a concern with our policy. We have focused on what should we do for the students, how do we make sure the Dream Center is on target, et cetera." And she said, "I know. That's how lawyers write." And so I said, "Well, I'm uncomfortable with this, and I really don't understand why we got this." And she said, "Well, lawyers write that way." And after a while, I said, "I'm a little uncomfortable, Diane, because this is not a precedent, that the night before a board meeting we would get a call saying you did all this. And then I don't know what you're expecting us to do because there's no action. And as a member of the triad, I feel uncomfortable with this approach."")

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And she said, "No, I understand, I understand. We can retract the letter."")

¹³³ See Exhibit 52, President Gellman-Danley, Letter to Annmarie Weisman, p. 13 (June 1, 2020).

¹³⁴ *Id.* at 13.

¹³⁵ See Exhibit 13, U.S. Dept. of Education Responses to Sen. Durbin Questions for the Record (May 28, 2019).

¹³⁶ See Exhibit 14, Diane Auer Jones, *RE: Art Institutes* (June 27, 2018); see also Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 22-23 (Nov. 13, 2019).

¹³⁷ See Exhibit 14, Diane Auer Jones, *RE: Art Institutes* (June 27, 2018); Exhibit 45, Diane Auer Jones, *RE: Dream Center/Art Institutes Follow-up* (July 3, 2018); Exhibit 26, Diane Auer Jones, *Re: HLC ColoradoArtInstituteVisitSchedule_Draft_7-10-18.docx* (July 10, 2018); see also See Exhibit 46, Diane Auer Jones, *RE: Sample student Letters* (July 3, 2018).

¹³⁸ See Exhibit 47, Shelly Murphy, *Re: Call with Diane Jones* (July 3, 2018); Exhibit 48, Barton, Randall, *Re HLC - Any News* (July 3, 2018); Exhibit 44, Michael Frola, *RE: HLC* (June 27, 2018).

¹³⁹ Audio recording: Meeting between John Crowley, Chief Operating Officer, Dream Center, and Faculty of the Illinois Art Institute, at minute 1 (July 11, 2018) [hereinafter Crowley Recording] (on file with author).

¹⁴⁰ See Exhibit 37 Brent Richardson, Letter to Chairman Robert C. "Bobby" Scott (Mar. 6, 2020).

¹⁴¹ See Exhibit 39, Anthea Sweeney, *RE: Urgent Question Regarding Suspending a Required Evaluation* (May 30, 2018); Exhibit 43, Michael Frola, *RE: HLC* (June 27, 2018).

¹⁴² Exhibit 43, Anthea Sweeney, *RE: Cmte on Accreditation Notes* (June 27, 2018); see also Exhibit 44, Michael Frola, *RE: HLC* (June 27, 2018).

¹⁴³ See Exhibit 8, Transcribed Interview with Barbara Gellman-Danley Before the H. Comm. On Ed. And Labor, 116th Cong., p. 17-26 (2020); Exhibit 53, Transcribed Interview with Anthea Sweeney Before the H. Comm. On Ed. And Labor, 116th Cong., p. 24-28 (2020); see also Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie p. 21-24 (Nov. 13, 2019).

¹⁴⁴ See Exhibit 13, U.S. Dept. of Education Responses to Sen. Durbin Questions for the Record (May 28, 2019).

¹⁴⁵ See *supra* Section V.

¹⁴⁶ See, e.g. Exhibit 36, Shelly Murphy, *RE: PDN – EDMC CofC Candidacy Jan 2018 Colo.pdf* (Feb. 12, 2018).

¹⁴⁷ See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 19-20 (Nov. 13, 2019); see also Exhibit 39, Anthea Sweeney, *RE: Alternative Options for a Call* (Mar. 8, 2018).

¹⁴⁸ See Exhibit 54, Michael Frola, *RE: DCEH DoE Presentations* (June 12, 2018).

¹⁴⁹ See *id.*

¹⁵⁰ *Examining For-Profit College Oversight and Student Debt*: Hearing Before the Subcomm. on Economic and Consumer Policy of the H. Comm. On Oversight and Reform, 116th Cong. (2019) (questioning by Rep. Shalala of Undersec'y Jones) available at <https://oversight.house.gov/legislation/hearings/examining-for-profit-collegeoversight-and-student-debt>.

¹⁵¹ Exhibit 53, Transcribed Interview with Anthea Sweeney Before the H. Comm. On Ed. And Labor, 116th Cong., p. 28 (2020) ("Q: And to clarify, no one else at the Department around that time indicated to you that they were planning on rescinding this memo? A: No one else at the Department said so. Q: But you were in communication with individuals in the accreditation group? A: Yes. Most commonly, Diane most commonly at that time, Beth Daggett. I was seeking her advice often.")

¹⁵² See Exhibit 7, President Gellman-Danley, Letter to Lynn Mahaffie, p. 22 (Nov. 13, 2019).

¹⁵³ Exhibit 44, Michael Frola, *RE: HLC* (June 27, 2018).

¹⁵⁴ Exhibit 43, Anthea Sweeney, *RE: Cmte on Accreditation Notes* (June 27, 2018).

¹⁵⁵ *Examining For-Profit College Oversight and Student Debt*: Hearing Before the Subcomm. on Economic and Consumer Policy of the H. Comm. On Oversight and Reform, 116th Cong. (2019) (questioning by Rep. Tlaib of Undersec'y Jones) available at <https://oversight.house.gov/legislation/hearings/examining-for-profit-collegeoversight-and-student-debt>.

¹⁵⁶ National Student Legal Defense Network, *Documents Regarding Oversight of Dream Center Schools* p. 359-396 (November 30, 2018) available at https://drive.google.com/file/d/11-dx2-WEvLeo-sfk_68jy_s8xrUSdFv/view

¹⁵⁷ Exhibit 55, Stacy Sweeney, *RE: Teach-out update and DOE Communication* (Aug. 4, 2018).

¹⁵⁸ While the Committee has obtained some of Under Secretary Jones' text messages, the content of certain messages indicates that others may have existed, but not been released by the Department. For instance, in one message, Under Secretary Jones appears to respond to a message stating "Merry Christmas to you, too!" to Dream Center's counsel, but no other messages are sent within 5 days of that message. National Student Legal Defense

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Network, *Documents Regarding Oversight of Dream Center Schools* p. 359 (November 30, 2018) available at https://drive.google.com/file/d/11-dx2-WEvLeo-sfk_68jy_s8xrkUSdFv/view

159 See, e.g., National Student Legal Defense Network, *Documents Regarding Oversight of Dream Center Schools* p. 368 (November 30, 2018) available at https://drive.google.com/file/d/11-dx2-WEvLeo-sfk_68jy_s8xrkUSdFv/view (“Happy Monday. I'm in Colorado for the HLC visit. Was there any luck on getting an updated statement from them stating that we are working on retroactive accommodation [sic]?”).

160 See, e.g., National Student Legal Defense Network, *Documents Regarding Oversight of Dream Center Schools* p. 369 (November 30, 2018) available at https://drive.google.com/file/d/11-dx2-WEvLeo-sfk_68jy_s8xrkUSdFv/view (“I'm available this evening if u have time to chat. We need to have Wayne disburse funds as soon as possible.”)

161 See National Student Legal Defense Network, *Documents Regarding Oversight of Dream Center Schools* p. 371 (November 30, 2018) available at https://drive.google.com/file/d/11-dx2-WEvLeo-sfk_68jy_s8xrkUSdFv/view For instance, one message appears to attach a press inquiry from the Wall Street Journal. (“Wanted to give u a heads up on this WSJ inquire we received. We're not responding to it.”).

162 U.S. Department of Education, Office of Inspector General, *Response to Request for Information on Political Appointees' Use of Personal Email Accounts, Preservation of Emails, and Responses to Freedom of Information Act Requests*, May 16, 2019, p. 2

<https://www2.ed.gov/about/offices/list/oig/auditrpts/responserepdelauroseofemail05162019.pdf>

163 *Id.* at 2.

164 Exhibit 49, U.S. Dept. of Education, Office of Postsecondary Education, *Retroactive establishment of the date of accreditation*, (July 25, 2018).

165 *Examining For-Profit College Oversight and Student Debt*: Hearing Before the Subcomm. on Economic and Consumer Policy of the H. Comm. On Oversight and Reform, 116th Cong. (2019) (questioning by Rep. Shalala of Undersec'y Jones) available at <https://oversight.house.gov/legislation/hearings/examining-for-profit-collegeoversight-and-student-debt>.

166 Exhibit 49, U.S. Dept. of Education, Office of Postsecondary Education, *Retroactive establishment of the date of accreditation*, (July 25, 2018).

167 Audio recording: Meeting between John Crowley, Chief Operating Officer, Dream Center, and Faculty of the Illinois Art Institute, at minute 1 (July 11, 2018) [hereinafter Crowley Recording] (on file with author).

168 *Id.* at minute 13-14.

169 *Id.* at minute 29.

170 See Exhibit 46, Diane Auer Jones, *RE: Sample student Letters* (July 3, 2018); Exhibit 48, Barton, Randall, *Re HLC - Any News* (July 3, 2018); see also Exhibit 47, Shelly Murphy, *Re: Call with Diane Jones* (July 3, 2018).

171 Exhibit 41, U.S. Dept. of Education, Office of Postsecondary Education, *Accreditation Effective Date*, (June 6, 2017).

172 U.S. Dept. of Education, Office of Postsecondary Education, National Advisory Committee on Institutional Quality and Integrity, *Transcript of June 21, 2017 Meeting*, p. 151 (June 21, 2017), <https://sites.ed.gov/naciqi/files/2017/07/NACIQI-Transcripts-062117-Bookmarks1.pdf>

173 See Exhibit 56, Assistant Secretary Holly Ham, Letter to Jennifer Butin, p. 22 (Sept. 20, 2018).

174 Acting General Counsel Reed D. Rubinstein, Letter to Chairman Robert C. "Bobby" Scott (July 22, 2019) (“Department response to Committee Investigation I”).

175 See Exhibit 51, Under Secretary Jones, Letter to President Gellman-Danley p. 2 (Oct. 31, 2018).

176 See Dream Center Follow-up.

177 See generally Exhibit 9, Lynn Mahaffie, Letter to President Gellman-Danley (Oct. 24, 2019).

178 See Department of Education, *Secretary DeVos Cancels Student Loans, Resets Pell Eligibility, and Extends Closed School Discharge Period for Students Impacted by Dream Center School Closures* (Nov. 8, 2019), <https://www.ed.gov/news/press-releases/secretary-devos-cancels-student-loans-resets-pell-eligibility-and-extends-closed-school-discharge-period-students-impacted-dream-center-school-closures>.

179 See *id.*; see also Danielle Douglas-Gabriel, *DeVos cancels nearly \$11 million in student loans that the Education Dept. sent to unaccredited for-profit colleges* (Nov. 8, 2019).

180 See generally Exhibit 25, President Gellman-Danley, Letter to Annmarie Weisman (June 30, 2020).

181 See Exhibit 57, President Gellman-Danley, Letter to Annmarie Weisman, p. 4 (July 1, 2020).

182 See *id.*

183 See Exhibit 52, President Gellman-Danley, Letter to Annmarie Weisman, p. 12 (June 1, 2020).

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¹⁸⁴ *Id.* at 13.

¹⁸⁵ Mot. to Delay Enforcement of the Mar. 23, 2020 Order Granting the Joint Mot. To Amend the Dec. 5, 2019 Order 2, *Digital Media Solutions v. South University*, (N.D.OH.)(Case: 1:19-cv-00145-DAP).

¹⁸⁶ *Id.*

¹⁸⁷ *See id.* (“Given the Receiver’s obligation to all stakeholders to maximize the benefit of the Receivership Estate, he expects that creditors would not bless the discharge of legitimate account receivables.”)

¹⁸⁸ *See* Chairman Robert C. "Bobby" Scott, Letter to Secretary Betsy DeVos (January 31, 2020) ("Chairman Scott letter concerning the Department’s responses to date." (describing the Committees concerns with the Department’s production); *see also* *Dream Center Initial Investigatory Letter*, Dream Center Follow-up, Acting General Counsel Reed D. Rubinstein, responding on behalf of Secretary Betsy DeVos; *see, e.g.*, Department response to Committee Investigation I