



Arizona State Board for Private Postsecondary Education

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(602) 542-5709

Website: <https://ppse.az.gov/>

Institution Portal: <https://elicense.az.gov/>

May 6, 2019

Via Certified Mail

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Mr. David Weems
WozU Education Holdings
8444 North 90th Street
Suites 105, 110, 115
Scottsdale, Arizona 85258

Dear Mr. Weems:

On April 25, 2019, the Arizona State Board for Private Postsecondary Education (“Board”) reviewed the regular vocational program license renewal application and supplemental license application for a change of ownership for WozU Education Holdings (“Applicant”). The Board determined that Applicant is not eligible for renewal of licensure pursuant to A.R.S. § 32-3021(B) and A.A.C. R4-39-105, and not eligible for change of ownership pursuant to A.A.C. R4-39-110. Specifically, the Board found that Applicant failed to meet the basic requirements required for licensure, as outlined in A.R.S. § 32-3021(B), and Applicant is precluded from holding a license pursuant to A.A.C. R4-39-105(A) and R4-39-110(H). The Board determined that the following violations were invoked, based upon the conduct referenced thereafter:

1. A.R.S. § 32-3021(B)(3), an applicant for a private vocational program license shall be financially responsible and have management capability;
2. A.R.S. § 32-3021(B)(10), an applicant for a private vocational program license shall comply with all federal and state laws and regulations relating to the operation of a private postsecondary educational institution;
3. A.A.C. R4-39-105(A)(3), the Board shall not grant or renew a regular license to an applicant if the applicant provides false or misleading information on or with an application required by this Section;
4. A.A.C. R4-39-105(A)(4), the Board shall not grant or renew a regular license to an applicant if the applicant was previously licensed by the Board and ceased operation without complying with R4-39-402 and R4-39-406;
 - a. A.A.C. R4-39-401(B), a licensee shall maintain a complete, accurate, and permanent record for each student ever enrolled;
 - b. A.A.C. R4-39-402(A), no more than 15 days after a licensee ceases operation, the licensee shall submit to the Board a legible copy of all student records required in R4-39-401; and
 - c. A.A.C. R4-39-406, ceasing to operate or to offer a program; teach-out plan.
5. A.A.C. R4-39-105(A)(5)(a), the Board shall not grant or renew a regular license to an applicant if the applicant ceased to operate or offer a program and as a result the Board was

obligated to make payment from the Student Tuition Recovery Fund established under A.R.S. § 32-3072;

6. A.A.C. R4-39-105(A)(5)(b), the Board shall not grant or renew a regular license to an applicant if the applicant ceased to operate or offer a program and as a result the U.S. Department of Education or a private entity forgave loans, in whole or in part, to affected students;
7. A.A.C. R4-39-105(B), the Board shall grant or renew a license to a licensee if the information provided demonstrates compliance with A.R.S. 32-3021(B)(1) through (11);
8. A.A.C. R4-39-110(H)(3), the Board shall not grant a license as a result of a change of ownership or control to an applicant if the applicant provides false or misleading information on or with an application required by this Section;
9. A.A.C. R4-39-110(H)(4), the Board shall not grant a license as a result of a change of ownership or control to an applicant if the applicant was previously licensed by the Board and ceased operation without complying with R4-39-402 and R4-39-406;
 - a. A.A.C. R4-39-401, a licensee shall maintain a complete, accurate, and permanent record for each student ever enrolled;
 - b. A.A.C. R4-39-402(A), no more than 15 days after a licensee ceases operation, the licensee shall submit to the Board a legible copy of all student records required in R4-39-401; and
 - c. A.A.C. R4-39-406, ceasing to operate or to offer a program; teach-out plan.
10. A.A.C. R4-39-110(H)(5)(a), the Board shall not grant a license as a result of a change of ownership or control to an applicant if the applicant ceased to operate or offer a program and as a result the Board was obligated to make payment from the Student Tuition Recovery Fund established under A.R.S. § 32-3072;
11. A.A.C. R4-39-110(H)(5)(b), the Board shall not grant a license as a result of a change of ownership or control to an applicant if the applicant ceased to operate or offer a program and as a result the U.S. Department of Education or a private entity forgave loans, in whole or in part, to affected students;
12. A.A.C. R4-39-110(I)(1), the Board shall grant a license as a result of a change or ownership or control, if the applicant demonstrates compliance with A.R.S. §§ 32-3021 through 32-3027, as applicable; and
13. A.A.C. R4-39-110(I)(1), the Board shall grant a license as a result of a change or ownership or control, if the applicant meets the application requirements in subsection (G).
 - a. A.A.C. R4-39-110(E), a licensee shall, within seven days, notify the Board in writing and explain a change of ownership or control; and
 - b. A.A.C. R4-39-110(G)(2), no later than 60 days after the date on the notice provided under subsection (E), a licensed private non-accredited institution shall submit to the Board a license application packet that includes information and documentation specified in R4-39-104(D)(3) through (6), D(8)(a) and (c), D(12) through (D)(14), and D(17).

- i. A.A.C. R4-39-104(D)(3)(d)(i)-(iii), as applicable, identification of all members of the board of directors or board of trustees, all persons with at least 20 percent ownership in the applicant, and all individuals responsible for controlling, managing, or representing the applicant in this state; and
- ii. A.A.C. R4-39-104(D)(e), responses to questions regarding whether a person identified in subsection (D)(3)(d) has ever applied for or been issued a license to operate a vocational or degree-granting institution in this state or any jurisdiction.

These violations were based on the following findings:

1. In October of 2016, Coder for Rent DBA Coder Camps (“Coder”) was granted a conditional vocational program license by the Arizona State Board for Private Postsecondary Education. Coder was jointly owned by Exeter Education LLC (“Exeter”) at 77.5% and Graham Ventures, Inc. at 22.5%. Brent Richardson was listed as a member of Exeter’s Board of Directors and had an ownership interest in Exeter.
2. In October of 2017, a press release was submitted to the Board indicating that an unlicensed private postsecondary educational institution called “WozU” may have opened in Scottsdale, Arizona. The Board investigated the alleged unlicensed institution and found that Coder had changed its name to WozU without authorization from the Board. Applicant submitted a supplemental application for a change of name at the Board’s request and was later approved.
3. In January of 2019, during the Board’s review of the 2019 regular vocational program license renewal application, the Board expressed a concern regarding Applicant’s management capability after it noted an unauthorized change of ownership that took place on July 10, 2018. Documents obtained by the Board showed Exeter merging into WozU, with WozU serving as the surviving entity. Graham Ventures, Inc. was no longer an owner at this point but the Board had no information on when or where this change of ownership occurred, as Applicant’s renewal applications from 2017 and 2018 continued to show Graham Ventures, Inc. as a 22.5% owner. Applicant did not notify the Board within seven days of any potential change of ownership or control, nor did Applicant file a supplemental license application for a change of ownership until November 2018.
4. Also, in the supplemental license application for a change of ownership, Applicant identified Jochanger LLC as having a 10.106% ownership interest in WozU. Jochanger LLC is not a registered corporation in Arizona. At the time of the Board’s decision, Applicant could not provide accurate information regarding which state Jochanger LLC was actually incorporated in.
5. Additionally, the supplemental license application and regular vocational program license renewal application listed LCB Education Holdings LLC and Lopes Healthcare as holding a 21.452% and 29.18% ownership interest in WozU, respectively. Mr. Richardson is a member of both entities, holds an ownership interest in WozU through the entities, and is listed as a member of the Board of Managers of WozU.

6. The Board expressed a concern regarding Applicant's management capability, considering Mr. Richardson was the Chief Executive Officer and manager of Dream Center Education Holdings ("DCEH") and was listed as statutory agent on the DCEH articles of incorporation. DCEH owned Art Institute of Phoenix and Argosy University in Arizona until both schools abruptly closed and DCEH entered receivership in January 2019. Art Institute and Argosy University were previously licensed by the Board under the ownership of DCEH.
7. In December of 2018, Art Institute of Phoenix closed without fulfilling its obligations under a proposed Teach Out plan. The plan offered students several options. One option was to complete the program through another DCEH Art Institute campus with a 50% reduction in tuition. Unfortunately, most of the DCEH Art Institute campuses closed once DCEH entered receivership. The second option was to complete the program at another DCEH school, such as Argosy or South with a 50% reduction in tuition. Argosy has since closed and South is at risk of closure. The third option was to transfer to any other institution in exchange for a \$5,000.00 grant. Grants were never paid to any students exercising this option, nor has the receiver agreed to pay those grants. The plan states that the options may be exercised at any time between July 3, 2018 to July 3, 2019, but DCEH entered receivership in January 2019 and will enter bankruptcy on June 1, 2019, making it impossible for DCEH to honor its obligations to the Art Institute students affected under the plan.
8. Due to the closure of Art Institute of Phoenix, the Board was required to pay monies out of the Student Tuition Recovery Fund ("STRF") in the amount of \$50,498.01 after Art Institute failed to meet its contractual obligation to provide educational services to three students. The Board continues to process additional STRF and surety bond claims from students of both Art Institute of Phoenix and Argosy University.
9. The U.S. Department of Education also continues to process closed school federal loan discharge requests and has already partially forgiven the federal student loans of all Argosy and Art Institute students who were enrolled at the time of closure. In the state of Arizona alone, the Art Institute closed with approximately 326 students enrolled and Argosy closed with approximately 458 students enrolled.
10. The Board also discovered that while student educational records were submitted timely after the closure of Art Institute and Argosy, the student educational records submitted to the Board were not accurate, showing incorrect credit calculations and listing some students as "withdrawn" even though the students had completed the program and graduated.
11. As part of the Board's license renewal process, the Board reviews each institution's application for financial responsibility. In reviewing Applicant's finances, the Board expressed a concern regarding Applicant's financial health considering its substantial net losses and low current ratios over the past three consecutive years. In 2016, Coder posted a net loss of \$2,347,717.00 with a current ratio of .466; in 2017, Applicant posted a net

loss of \$5,576,746.00 with a current ratio of .60; and in 2018, Applicant reported a net loss of \$4,690,011.00 with a current ratio of .525.

Per A.R.S. § 41-1092.03(B), you may request a Formal Administrative Hearing by notifying this agency in writing within thirty-five (35) days from the date of this letter. If you do not request a Formal Administrative Hearing by the close of business on June 11, 2019, your file will be closed without further recourse to appeal. If you cure all defects and desire licensure at a later date, you must submit a new application and fee.

PLEASE BE FURTHER ADVISED that if you do not choose to request a Formal Administrative Hearing, you must cease operating your private postsecondary educational institution(s) in Arizona within thirty-five (35) days from the date of this letter and pursuant to A.A.C. R4-39-401(A), you have no more than fifteen (15) days after ceasing operations to submit to the Board a legible copy of all student records required in A.A.C. R4-39-401. All records must be submitted in electronic form, if the records exist in electronic form, and the records cannot be submitted in a proprietary format.

If you have any questions, I can be reached at (602)542-2399.

Sincerely,


Teri Stanfill
Executive Director