



October 12, 2020

VIA EMAIL
(accetcherryhill@harrisschool.com)

Dr. Jon Coover, Chief Executive Officer
Trigram Education Partners, LLC
Harris School of Business
1 Mall Drive, Suite 700
Cherry Hill, NJ 08002

**RE: Accreditation Withdrawal (appealable)
while on Institutional Show Cause;
Complaint #1628 Closed with Merit
ACCET ID # 1508**

Dear Dr. Coover,

This letter is to inform you that the Accrediting Commission of the Accrediting Council for Continuing Education & Training (ACCET) met on October 8, 2020 and voted to withdraw the accreditation of Harris School of Business, with the main campus located in Cherry Hill, New Jersey. The decision to withdraw accreditation was based on the repeated failure of the institution, following a change of ownership, to demonstrate compliance with ACCET Standard III-A Stability that requires “*responsible financial management with resources sufficient to provide quality education, training, and student services and to complete the instruction of all enrolled students.*”

The adverse action was based upon a careful review of the record following the acquisition of the institution by Trigram Education Partners, LLC (TEP) on June 26, 2020, including: ; (1) Commission letters dated August 24, 2020 and September 29, 2020; (2) correspondence from the U.S. Department of Education regarding the change of ownership and eligibility of TEP institutions to participate in Title IV federal financial aid programs; and (3) Interim Reports, dated September 15, 2020 and October 6, 2020. The Commission also voted to close complaint (#1628) with full merit following a review of the complaint (dated September 28, 2020) and the institution’s response to the complaint (dated September 29, 2020). Further, it is noted for the record that, at the time of the adverse action, the institution’s change of ownership application remained unapproved, due to the failure of the new owner (TEP) to demonstrate financial stability and viability in accordance with ACCET policies and requirements.

The Commission determined that the institution has not adequately demonstrated compliance with respect to ACCET Document 2 - Standards for Accreditation relative to the following findings:

Standard III-A Stability

The institution, under the new ownership of TEP, failed to demonstrate: “*A record of responsible financial management with resources sufficient to provide quality education, training, and student services and to complete the instruction of all enrolled students. Financial reports provide clear evidence of financial stability and sound fiscal practices,*” as required by the standard.

It is noted for the record that the Commission initially expressed serious concerns regarding the financial status of Harris School of Business following the ownership change in a letter (dated August 5, 2020).

The Commission indicated that it would closely monitor the situation following the U.S. Department of Education's notice (dated August 14, 2020) to the new owners (TEP) of: (1) the institution's loss of eligibility and the end of participation in Title IV, HEA programs, effective June 26, 2020, and (2) the Stop Payment action. The Commission also directed the institution to submit an Interim Report by September 15, 2020 to include a narrative update on: (a) the institution's recent change of ownership consummated on June 26, 2020, (b) the institution's effort to provide a complete application for a change of ownership to ACCET, including financial statements for the new owner, (c) the failure of the institution to submit a materially complete application for a change of ownership to the U.S. Department of Education, including the status of the required letter of credit, and (d) efforts by the institution to reinstate its eligibility to participate in Title IV programs, including the submission of the required 25% letter of credit. The institution was required to provide documented evidence that the required letter of credit was submitted to the U.S. Department of Education and a complete application was provided to ACCET. The institution was also required to provide ACCET with a teach-out plan consistent with ACCET Document 32 – Teach-Out/Closure Policy in the event of a subsequent closure.

In the subsequent Interim Report (dated September 15, 2020), the institution failed to provide documented evidence that TEP had secured the letter of credit (██████████) required by the U.S. Department of Education. Additionally, TEP reported that it failed to obtain a line of credit or a bridge loan to cover operating costs at TEP campuses. Rather, TEP indicated that a ██████████ of credit would be secured by September 22, 2020, or, in the absence of a line of credit, a bridge loan would be obtained for operating expenses. Similarly, TEP stated that *"the funds required to back the letter of credit (LOC) will be supplied to Liberty Bank within the next two to three weeks, and we hope to have the LOC posted to the Department shortly thereafter."*

It is noted that the Chief Executive Officer of TEP previously provided assurance of a quick resolution of the letter of credit and Title IV eligibility issues. In an August 1, 2020 email, the CEO informed ACCET that: *"We hope that this email and the attached documentation demonstrates that we have been in regulation communication with the Department and are on track to resolve the present issue [of the required letter of credit] by mid-month [mid-August 2020]."* Repeatedly, projected deadlines passed without TEP obtaining the letter of credit and operating funds required to sustain the institutions it acquired on June 26, 2020.

On September 28, 2020, ACCET received a complaint from an employee regarding the failure of TEP to make payroll and pay rent at some or all of nine campuses, including those of Harris School of Business. On September 28, 2020, ACCET requested TEP to provide an immediate response to the serious and urgent anonymous complaint (# 1628) filed against TEP alleging that: (1) campuses were ordered by TEP to temporarily close, (2) payroll payments owed to faculty and staff were delayed in August and unpaid in September 2020, and (3) rent for campus facilities was not paid and eviction notices were received at some campuses. Subsequently, TEP senior staff confirmed that some campuses owned by TEP were notified on September 25, 2020 of an unscheduled two-week break, temporary campus closures, and furloughs of employees, including instructional staff, effective September 28 – October 12, 2020. Due to the urgency of this matter, TEP was directed to submit to ACCET (by September 29, 2020) a written response to address the complaint allegations, in accordance with ACCET Document 49 – Policy for Processing Complaints Against ACCET Accredited Institutions, and to provide official notice of the status of TEP institutions.

Although a response was provided by TEP on September 29, 2020, it failed to provide the requested documented evidence of the financial capacity and viability of TEP institutions, including Harris Business School. TEP acknowledged that, while it remained "hopeful" that money will be transferred by October 2, 2020, funding had yet to be obtained for the letter of credit or operating expenses required

for TEP campuses. In the meantime, TEP acknowledged that it owes employees for wages for September 2020 and landlords almost [REDACTED] for back rent. Additionally, TEP acknowledged that it notified at least three of its nine campuses on September 25, 2020 of a two-week break and furlough of instructors, effective September 28, 2020 – October 12, 2020.

On September 29, 2020, ACCET's Executive Committee convened and issued a show cause directive requiring Harris School of Business to show cause why its accredited status should not be withdrawn. This serious action was based on the institution's failure to demonstrate that it met ACCET Standards for Accreditation, including Standard III-A Financial Stability. Despite repeated assurances from senior management, the new owners (TEP) failed to obtain the letter of credit and financial support required to effectively operate the institution in accordance with ACCET requirements.

Therefore, the institution was directed to submit an Interim Report by October 6, 2020 to include:

- A narrative update on: (a) the failure of the institution to submit a materially complete application for a change of ownership to the U.S. Department of Education, including the status of the required letter of credit and (b) efforts by the institution to reinstate its eligibility to participate in Title IV programs. The institution was directed to submit documented evidence that the required letter of credit was submitted to the U.S. Department of Education and a complete application was provided to ACCET. The institution was also required to provide ACCET with an updated teach-out plan consistent with ACCET Document 32 – Teach-Out/Closure Policy in the event of a subsequent closure.
- Documented evidence that the institution is meeting ACCET Standard III-A Stability to include:
 1. Documented evidence from the financial institution(s) of receipt of the bridge loan, line of credit, and/or wire transfer of funds to the financial account(s) of TEP to support the operation of its ACCET-accredited institutions, including any financial transfers made by or on behalf of [REDACTED] and others to TEP.
 2. Documented evidence that TEP has paid any outstanding monies owed to operate ACCET-accredited institutions, including Harris Business School, to include: (a) current and back wages owed all faculty and staff for the period of September 1 – September 30, 2020; and (b) a detailed ledger of rent or lease payments for each ACCET accredited main and branch campus for the period July 1 – September 30, 2020.
 3. Written notice provided to employees, students, and each state licensing body regarding the operational status of the ACCET-accredited institutions such as suspension of classes, temporary or otherwise.

On October 6, 2020, the institution submitted an Interim Report in response to the show cause directive (dated September 29, 2020) that acknowledged the failure of TEP to: (1) secure a letter of credit and complete the change of ownership application for the U.S. Department of Education; (2) obtain the funding necessary for operating expenses through a bridge loan and/or line of credit; (3) pay payroll owed to faculty and staff through September 2020; and (4) make substantial payment of outstanding rent owed for campus facilities in the amount of nearly [REDACTED], as detailed below:

- **Narrative Update on Application for Change of Ownership to USDOE:** *“At this time, there is no update on the status of the application for Change of Ownership to the USDOE. We are still in*

the process of securing the letter of credit needed to complete the application. We will provide ACCET with a copy of the LOC upon receipt.”

- **Documented Evidence that Institutions are Meeting Standard III-A Financial Responsibility:** *“At this time, we are unable to provide a copy of the receipt from the financial institution of the bridge loan, line of credit, and/or wire transfer of funds to the financial account(s) of TEP to support the operation of its ACCET-accredited institutions, including any financial transfers made by or on behalf of [REDACTED] and others to TEP. Upon receiving the receipt, a copy will be provided to the Commission.”*
- **Documented Evidence that Trigram Has Paid Any Outstanding Monies Owed to the Five ACCET-Accredited Institutions:** *“There has been no change in the status of the current and back wages owed to all faculty and staff for the period of September 1 through September 30, 2020. In the spirit of transparency, payroll for the October 2, 2020 payroll has not been met.”*
- **Detailed Ledger of Rent or Lease Payments for Each ACCET-Accredited Main and Branch Campus for the Period of July 1 – September 30, 2020:** *“There has been a minor change in the status of rent or lease payments for each ACCET accredited main campus for the period of July 1-September 30, 2020. A payment in the amount of [REDACTED] was made to the landlord of the Sanford Campus on Friday October 2, 2020.*

On October 8, 2020, TEP requested a teleconference call with ACCET senior staff to provide an update on the financial status of TEP and its accredited institutions in advance of the Commission Meeting scheduled that day. In the call, the owners and senior management of TEP indicated that they were embarrassed by the situation, including the failure of TEC to pay employees and landlords. Once again, they indicated that, in future, TEP will receive the funding necessary through a bridge loan and/or line of credit to operate TEP-owned institutions. However, when asked to submit documented evidence of receipt of such funding, TEP was unable to provide such evidence. Instead it merely provided: (1) a memorandum of understanding for a line of credit signed on August 1, 2020, without any evidence of current access by TEP to this funding source; and (2) an Irrevocable Master Fee Protection Agreement that indicated significant future funding for a primary TEP owner ([REDACTED]) but no proof of receipt of and access to funds to operate accredited institutions owned by TEP. In the meantime, ACCET continues to receive calls from students, employees, and the press regarding TEP’s failure to pay employees and landlords.

Therefore, the institution failed to demonstrate compliance with this standard.

Since denial of reaccreditation is an adverse action by the Accrediting Commission, the institution may appeal the decision. The full procedures and guidelines for appealing the decision are outlined in Document 11, Policies and Practices of the Accrediting Commission, which is available on our website at www.accet.org.

If the institution wishes to appeal the decision, the Commission must receive written notification no later than fifteen (15) calendar days from receipt of this letter, in addition to a certified or cashier’s check in the amount of \$9,500.00, payable to ACCET for an appeals hearing. This notification must be accompanied by (1) a signed affidavit by an authorized representative of the institution, indicating that a Notice of Status of Accreditation has been disseminated to all enrollees and posted in a conspicuous place at the institution, to include, at minimum, the admission office and the student lounge or comparable location, notifying interested parties of the Commission’s adverse action; (2) an updated teach-out plan in accordance with ACCET Document 32 – Teach Out Plan, to ensure that students are afforded an opportunity to successfully complete their training in

the event of the institution's closure; (3) a certified or cashier's check in the amount established for appeals in ACCET Document 10 – Fee Schedule; and (4) verification that the institution has no outstanding financial obligations owed to ACCET.

In the case of an appeal, the institution must, within sixty (60) calendar days from receipt of this letter: (1) submit to ACCET a written statement of the grounds for the appeal and (2) upload an electronic copy of the statement to a Dropbox provided by ACCET. The appeal process allows for the institution to provide clarification of and/or new information regarding the conditions at the institution at the time the Accrediting Commission made its decision to deny or withdraw accreditation. The appeal process does not allow for consideration of changes that have been made by or at the institution or new information created or obtained after the Commission's action to deny or withdraw accreditation, except under such circumstances when the Commission's adverse action included a finding of non-compliance with Standard III-A Financial Stability, whereupon the Appeals Panel may consider, on a one-time basis only, such financial information provided all of the following conditions are met:

- The only remaining deficiency cited by the Commission in support of a final adverse action decision is the institution's failure to meet ACCET Standard III-A Financial Stability, with the institution's non-compliance with Standard III-A the sole deficiency warranting a final adverse action.
- The financial information was unavailable to the institution until after the Commission's decision was made and is included in the written statement of the grounds for appeal submitted in accordance with the ACCET appeals process; and
- The financial information provided is significant and bears materially on the specified financial deficiencies identified by the Commission.

The Appeals Panel shall apply such criteria of significance and materiality as established by the Commission. Further, any determination made by the Appeals Panel relative to this new financial information shall not constitute a basis for further appeal.

Should you have any questions or need further assistance regarding this letter, please contact the ACCET office at your earliest opportunity.

Sincerely,



Judy Hendrickson
Interim Executive Director

JHH

cc: Mr. Herman Bounds, Chief, Accreditation Division, USED (aslrecordsmanager@ed.gov)
Ms. Charity Helton, Specialist, USED (charity.helton@ed.gov)
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