

November 28, 2018

ELECTRONIC DELIVERY

██████████
Campus Director
Elegance International
6767 Sunset Boulevard
Hollywood, California 90028

██████████
School #M000390
Continued Probation

At the November 2018 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered its previous decision to place Elegance International located in Hollywood, California on Probation. Upon review of the August 21, 2018 Probation Order and the school’s response, the Commission voted to continue Elegance International on Probation with a subsequent review scheduled for ACCSC’s May 2019 meeting. The bases for the Commission’s action and the requirements for the school’s response are set forth below.

History of the Commission’s Review:

At its November 2017 meeting, the Commission considered the school’s Application for Renewal of Accreditation and upon review of the August 1, 2017 Team Summary Report (“TSR”) and the school’s response to that report, the Commission voted to place Elegance International on Warning with a subsequent review scheduled for ACCSC’s August 2018 meeting.

At the August 2018 meeting, the Commission considered the response to the Warning Order and voted to place the school on Probation with a subsequent review scheduled for ACCSC’s November 2018 meeting.

November 2018 Review and Action:

1. Elegance International has failed to submit revised audited financial statements for fiscal year ended September 30, 2017 that conform to the ACCSC Instructions for the Preparation and Submission of Financial Statements and Related Information as requested. Specifically, the school only submitted a balance sheet; statement of income and retained earnings; and statement of cash flows using a comparative format showing side-by-side information for 2016 and 2017. In order to be in compliance, Elegance International must submit, at a minimum, audited financial statements that are prepared by an independent certified public accountant to include an Independent Auditor’s Report, a balance sheet, an income statement, a statement of cash flows, and all appropriate notes to the financial statements for the two most recently concluded fiscal years ended (*Section I (C)(3), Substantive Standards, Standards of Accreditation*).

The Commission requested an explanation regarding the nature of the relationship between Elegance International and its related parties, the nature of the receivable and payable transactions, and the settlement terms as this information was not adequately noted in the audited financial statements. In response to the August 21, 2018 Commission letter, Elegance International stated that the school is “a subsidiary of Campus Hollywood, Inc. (CH), which has built on-going business transactions and relationships with its related parties” and provided an example regarding its relationship with a related party and a payable. Elegance International stated that the school maintains “excellent relationships and communicates with transparency in regard to finances, which includes receivables and payables.” Elegance International also stated that the school had flexible settlement terms with long-term balance transactions for payables. Elegance International did not provide specific details regarding its related parties included in the school’s September 30, 2017 audited financial statements.

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

Based on the foregoing, Elegance International must support the data reported in each Graduation and Employment Chart (*Section VII (B)(1)(b), Substantive Standards, Standards of Accreditation*) and the Commission directs Elegance International to submit the following:

- a. A clarification regarding whether the night version of the Artistry of Makeup is 15-months or 18-months in length.
- b. ACCSC Graduation and Employment Charts using a **March 2019 Report Date** for each schedule of all of the school’s approved programs.²
- c. Summary information for each Graduation and Employment Chart organized according to the corresponding **cohort start date** reported on the chart (line #1) as follows:
 - i. For each student start, provide the following information:

Student ID#	Program	Start Date	Graduation Date	Withdrawal/Termination Date

- ii. For each student classified as Unavailable for Graduation:

Student ID#	Program	Reason for Classification (Example below)	Description of Documentation on File (Example below)
		Deceased	“Copy of death record, copy of obituary, or other official documentation on letterhead”

- ii. For each graduate classified as Graduate-Further Education:

Graduate ID#	Program	Reason for Classification (Example below)	Description of Documentation on File (Example below)
		Enrolled at ABC Community College	“Enrollment Agreement at institution where student is continuing education”

- iii. For each graduate classified as Graduate-Unavailable for Employment:

Graduate ID#	Program/length	Reason for Classification (Example below)	Description of Documentation on File (Example below)
		Medical Condition	“Copy of documentation from the graduate’s physician that demonstrates that the graduate cannot pursue employment due to a medical condition.”

- iv. For each graduate classified as Available for Employment:

Graduate ID#	Program/length	Employment Status/ Place of Employment	Description of Documentation on File (Examples below)
			<p><u>Regular Employment:</u> “E-mail from the graduate” or “Employment verification form signed by Employer”</p> <p><u>Self-Employment:</u> “A Statement signed by the Graduate that includes all elements listed in the Guidelines for Employment Classification”(This is the only (minimally) acceptable documentation for self-employed graduates</p>

² The response indicates that the Special Makeup Effects program is not currently being offered. If the school intends to discontinue that program submit a [Notice of Discontinued Programs](#) or if there are currently students enrolled a [Programmatic Teach Out Plan Approval Form](#).

- d. Any additional information that the school believes will be useful in demonstrating to the Commission that the information and data reported to ACCSC on the Graduation and Employment Charts is accurate and reliable.
3. Elegance International did not demonstrate that the school only classifies graduates as employed in field who are employed for a reasonable period of time in a position that can be considered sustainable (*Section VII (B)(1)(b), Substantive Standards and Appendix VII, Standards of Accreditation*). Elegance International must also demonstrate that the school supports student achievement rates through verifiable records of initial employment of its graduates (*Section VII (B)(1)(b), Substantive Standards, Standards of Accreditation*). At issue is Elegance International's practices with regard to reporting employment rates to the Commission that do not represent sustainable employment and do not comply with documentation requirements for self-employment in accordance with ACCSC's *Guidelines for Employment Classification*.

In the February 12, 2018 Warning Order, the Commission provided Elegance International with an opportunity to demonstrate how the school's "three-paying-gig" policy meets the intent of the Commission's requirement of sustainable employment. Elegance International's response did not include any policies or information about the parameters the school uses to determine when a "gig" meets this policy. In the August 21, 2018 Probation Order the Commission noted the types of gigs being counted as employment and based on the supporting documentation the Commission found that it appears the school accepts anything as a gig and under any time frame and informed the school that the response did not demonstrate the employment classifications meet requirements regarding sustainable employment. In fact the August 21, 2018 Probation specifically pointed out the following, (excerpts taken from the Probation letter):

The Commission does not accept three 1-day/hour gigs over the course of a 1-year period as proof of sustainable employment [emphasis added].

...the school accepts 3 gigs within a one year period as sustainable employment – this poor interpretation is concerning to the Commission [emphasis added].

In response to the Probation Order, the school submitted a revised policy which allows the very type of employment that the Commission specifically pointed out as unacceptable. The policy states:

Event/ Project Based Employment:

*Also known as "gig" or "freelance" employment. For a graduate to have sustainable employment, they will have attained **at least three event or project based paid positions within twelve months** of graduation...Event or project workdays can vary from one to ten plus hour workdays because of the nature of the industry. They can range from prom makeups that are completed in **less than 2 hours to 15-hour music video workdays** [emphasis added].*

The school's new policy reflects the type of policy that the Commission already noted is unacceptable. The response caused the Commission to question whether the school read the letter and is capable of comprehending the issues.

In the August 21, 2018 Probation Order, the Commission directed Elegance International to submit a list of all graduates classified as employment in field for the period September 1, 2018 through September 30, 2018 and a copy of the employment documentation for each. In response the school

submitted employment documentation for graduates placed for the period October 8 – 31, 2018.³ Since the above policy does not meet the Commission’s requirements some of the placements are not considered sustainable; that notwithstanding the Commission reviewed the documentation. One of the graduates indicated that he “had to put my makeup business aside for the time being. Work wasn’t consistent...” In some cases although the freelance verification form contains a self-employment attestation it is only signed by the school staff and not the graduate. In those cases the form refers to the “Zoho form” which is attached. Although the “Zoho” form contains an electronic student signature with the gigs completed, the form does not contain the required attestation elements. The Commission had pointed out this issue with the Zoho form and the school has not addressed it. The Probation Order stated:

*The school also submitted a sample copy of the “Zoho” form filled in with “example” names and information. The form includes a place where the graduate can insert employment information and a signature. **The Zoho Form does not include any/all elements of the required self-employment certification required by the Guidelines for Employment Classification.***

The Commission found overall that the documentation, policies and procedures, and new forms do not show sufficient implementation of new policies that will meet requirements. Based on the foregoing, the Commission has determined that Elegance International is out of compliance with accrediting standards and must revise its policies and practices. The school must create a policy and practice for classifying graduates as employed in the field that is reasonable with regard to sustainability – again 3 gigs in a 1-year period is not acceptable. The school must show that the graduate is consistently/regularly working before the school counts the graduate as employed. As part of the school’s response, the Commission directs Elegance International to submit the following:

- a. Evidence that the school has revamped its policies and procedures with regard to employment classifications and documentation and a copy of those revised policies (i.e., the policies must clearly show how the school determines an acceptable freelance/self-employment classification to be sustainable and for a reasonable period of time) and
 - b. A list of all graduates classified as employment in field for the period December 15, 2018 through February 28, 2019 and a copy of the employment documentation for each in alignment with the above policy.
4. Elegance International did not support the accuracy of its reported employment rates (*Section VII (B)(1)(b); Appendix VII; Substantive Standards, Standards of Accreditation*). In the February 12, 2018 Warning Order the Commission directed the school to engage an independent third party to verify the data submitted in response to the Warning Order. In response, the school stated:

In an effort to show “good faith,” the institution has contracted Collegiate Admission and Retention Solutions (CARS) for third party verification services for both the January 2018 (as requested by the Commission), as well as the 2018 Annual Report. CARS has not yet completed the campaign but the institution will provide the Commission with the report once it is completed.

³ The school also stated “[i]n an effort to show that the institution is committed to remain in compliance the institution will upload documentation for graduates placed on the last day of each month until the Commission is deems the institution efficient in G&E reporting.”

The school also provided a copy of the contract with CARS. The Commission noted that the contract is dated July 17, 2018, five months after the school received the Commission's directive. Not only did the school fail to complete the directive, the school did not even sign a contract until five months after the directive – two days before submitting the July 19, 2018 response to the Warning Order.

Therefore, in the August 21, 2018 Probation Order the Commission directed Elegance International to submit the results of the third-party audit directed by the Commission as well as the 2018 Annual Report verification results. The response to the August 21, 2018 Probation Order indicates that the school still does not have the verification project completed but that the school "will upload the results" once completed. Specifically the school stated:

As explained in the institution's previous response, the previous management of the campus use a strategy that was reactionary in recording placement. Placement was verified and recorded for the purposes of completing the Annual reports each year. In response #3 above the institution has documented a strategic plan to move out of this type of reporting for the 2019 Annual Report. However due to the nature of the previous strategy, the documentation for the cohort requested by the Commission in the February 2018 response had not yet been completed and a list of graduated employed in field could not be sent to CARS, the third party verification company, to select a sample from. The institution utilized as much time as possible to verify graduate employment and contracted CARS in July for this reason. Once CARS has completed the verification process the institution will upload the results via the College 360 portal.

The Commission is concerned that the school is not taking the Probation status seriously. This project was directed 8 months ago, in February 2018. The Commission is providing another opportunity for the school to submit the results. The requirements excerpted from the February 12, 2018 Warning Order follow below.

Based on the foregoing and as a means to assess the reliability of the school's reported rates of employment, the Commission directs Elegance International to engage an independent third party⁴ to verify the data submitted in response to this letter as follows:

- The independent third party must select minimally a 50% sample of employed graduates (classified as "Graduates-Employed in the Field") on line 14 of **each** Graduation and Employment Chart submitted in response to Item #2(b)[the January 2018 Report Date] [and the 2018 Annual Report – see above] and to report the verification results from that sample (once the 10% sample has been selected by the independent third-party verifier for the purposes of this Employment Verification Report, the independent third party may not alter the sample in an effort to get better results);*
- The independent third party must verify employment records from the employer or graduate either verbally or in writing;*
- The independent third party must verify the employment data in a manner independent and without assistance from the school, with the exception of the school's provision of records to be verified.*

The Commission directs the school to submit the following:

- a. A certification statement from the independent third party stating that:*

⁴ Please refer [here](#) for information on choosing an Independent Third-Party Employment Data Verification Auditor.

- i. The independent third party selected minimally a 10% sample of employed graduates (classified as “Graduates-Employed in the Field”) on Line 14 of **each** Graduation and Employment Chart;
- ii. Once the 10% sample had been selected by the independent third party for the purposes of this supplemental employment verification, the independent third party did not alter the sample in an effort to get better results;
- b. The disclosures made by the school’s independent third party in accordance with Section VII (C) of the Self-Evaluation Report (see Item 4, page 35 of 55).⁵
- c. The independent third party’s full and unadulterated Employment Verification Report from the verification efforts that includes a clear explanation of:
 - i. The record selection and verification methodology;
 - ii. The verification categories used for the purposes of the verification process (e.g., “verified as correct,” “verified but different,” “unable to verify,” “verified as not correct,” etc.); and
 - iii. The results of the independent third party’s efforts to verify the school’s employment records;
- d. If the independent third party cannot verify or verifies as different 20% or greater of the sample for any program, then provide an explanation as to how the school’s records can be considered “verifiable” in accordance with the Commission’s standards;
- e. A summary of the employment verification results for each Graduation and Employment Chart as follows:

<i>Independent Third Party Initial Employment Verification - Reported Program Rates</i>			
<i>Report Date</i>	<i>Program Title (Credential)</i>		<i>Length of Program (Months)</i>
<i>Total number of students sampled</i>		<i>Total number of available students to sample*</i>	<i>Sample size percentage</i>
<i>Verified as Correct</i>	<i>Verified but Different</i>	<i>Unable to Verify</i>	<i>Verified as Not Correct</i>

PROBATION REQUIREMENTS

In cases where the Commission has reason to believe that a school is not in compliance with accreditation standards and other requirements, the Commission may, at its discretion, place a school on Probation. A school subject to a Probation Order must demonstrate corrective action and compliance with accrediting standards. **Failure of the school to demonstrate compliance with accrediting standards or other accrediting requirements by the due date set forth herein may result in a revocation of accreditation action.**

The Commission will not consider substantive changes, a change of location/relocation, or additions (i.e., separate facilities, new programs) to a school or its separate facilities while the school is on Probation.

⁵ [ACCSC Self Evaluation Report – Renewal Application](#)

However, a school that is subject to Probation may seek the Commission's approval for the transfer of accreditation that would result from a change of ownership as described in *Section IV, Rules of Process and Procedure, Standards of Accreditation*.

In accordance with *Section X, Rules of Process and Procedure, Standards of Accreditation*, a summary of the Probation Order is made public and provided to the U.S. Department of Education, appropriate State agencies, and appropriate accrediting agencies. Moreover, in accordance with *Section X (C)(6), Rules of Process and Procedure, Standards of Accreditation*, the Commission has notified the U.S. Department of Education of this action pertaining to the findings related to the school's federal financial aid responsibilities.

In accordance with *Section VII (L)(7), Rules of Process and Procedure, Standards of Accreditation*, a school subject to a Probation Order must inform current and prospective students that the school has been placed on Probation and that additional information regarding that action can be obtained from the Commission's website.

TEACH-OUT PLAN REQUIREMENT

Given the serious nature of the issues outlined herein, the Commission directs the school to provide an [ACCSC Institutional Teach-Out Plan Approval Form](#) which must be submitted as part of the response for the items listed above.

MAXIMUM TIMEFRAME TO ACHIEVE COMPLIANCE

Based on *Section VII (M), Rules of Process and Procedures, Standards of Accreditation* and the school's longest program, the maximum timeframe allowed for Elegance International to achieve and demonstrate compliance with the *Standards of Accreditation* is 18 months. Thus, the timeframe to achieve compliance began on August 21, 2018 and ends on **February 21, 2020**. Please also be advised that the Commission is under no obligation to wait for the maximum timeframe to expire and may take an adverse action prior to the expiration of the maximum allowable timeframe.

NOTIFICATION TO STUDENTS

The school must inform current and prospective students in writing that the school has been placed on Probation and that additional information regarding that action can be obtained from the Commission's website (*Section VII (L)(7) Rules of Process and Procedure, Standards of Accreditation*).

RESPONSE REQUIREMENTS

By applying for accreditation, a school accepts the obligation to demonstrate continuous compliance with the *Standards of Accreditation*. While the Commission employs its own methods to determine a school's compliance with accrediting standards, the burden rests with the school to establish that it is meeting the standards. The Commission's deliberations and decisions are made on the basis of the written record and thus a school must supply the Commission with complete documentation of the school's compliance with accrediting standards.

Elegance International must provide a response to the items expressed above that provides the information requested along with any additional information that the school believes supports a demonstration of

compliance with accrediting standards.⁶ If the school's response contains documentation that includes personal or confidential student or staff information that is not required for the Commission's review (e.g., social security numbers, dates of birth, etc.), please remove or redact that information.

Elegance International must upload the school's electronic response directly to ACCSC's College 360 Database. The ACCSC College 360 database can be accessed by [clicking here](#). Please note that the password utilized by the institution to access the Annual Report Portal is the same to access the School Submission section of the College 360 database. The Instructions for College 360 DMS Submissions can be found [here](#). A detailed overview on how to upload a school submission can be found [here](#).

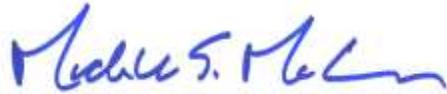
Keep in mind, the school's response must be prepared in accordance with ACCSC's Instructions for Electronic Submission (e.g., prepared as one Portable Document Format ("PDF") file that has been prepared using Adobe Acrobat software (version 8.0 or higher) and which has a .pdf extension as part of the file name). The school will receive an e-mail confirmation that the file has been received within 24 hours of the submission.

The school's response must also include a signed certification attesting to the accuracy of the information and be received in the Commission's office **on or before March 14, 2019**. If a response, the required fee,⁷ and the certification attesting to the accuracy of the information is not received in the Commission's office **on or before March 14, 2019**, the Commission will consider further appropriate action.

For assistance with the password or for any other questions regarding the electronic submission requirements, please contact [REDACTED]. Please note that any password requests to access College 360 must be made by the school director, or designated member of the school's management team, via e-mail.

For further assistance or additional information, please contact [REDACTED] or [REDACTED]

Sincerely,



Michale S. McComis, Ed.D.
Executive Director

c: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

⁶ ACCSC has issued two modules of the **Blueprints for Success Series** – [Organizing an Effective Electronic Submission](#) and [Preparing a Comprehensive Response for Commission Consideration](#) – which provide a framework for submitting a well-documented, organized, electronic response for Commission consideration. ACCSC encourages the school to review these modules when formulating its response to this letter. More information is available in the [Resources section](#) at www.accsc.org.

⁷ ACCSC assesses a \$1,000 processing fee to a school placed on Probation.