

September 13, 2018

**ELECTRONIC DELIVERY**

██████████  
President and Chief Executive Officer  
Zenith Education Group, Inc.  
111 South Washington Avenue Suite 1400  
Minneapolis, MN 55401

*System-Wide Warning*

Dear ██████████

At the August 2018 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered its previous decision to continue the ACCSC-accredited schools owned by Zenith Education Group, Inc. (“Zenith”) on system-wide Financial Reporting and to continue the deferral on the Change of Ownership/Management Report. Upon review of the April 26, 2018 system-wide deferral Commission letter and Zenith’s June 27, 2018 response, the Commission voted to place each school within the system of Zenith on **System-wide Warning** with a subsequent review scheduled for ACCSC’s **November 2018** meeting. The reason for the Commission’s decision and the requirements for the schools to demonstrate compliance are set forth below.

### **History of Commission Review**

#### **February 2016/March 2016 Review and Action:**

At the February 2016 and March 2016 meetings, the Commission considered the Change of Ownership applications, Change of Ownership on-site evaluations, Management Reports, and a Media Report for the following schools under ownership by Zenith Education Group (“Zenith”):

- Everest College – Renton, Washington (School #M058442)
- Everest Institute – Houston, Texas (School #B070778)
- Everest Institute – San Antonio, Texas (School #M001180)
- Everest Institute – Houston, Texas (School #B070550)
- Everest Institute – Houston, Texas (School #B070403)
- Everest Institute – Southfield, Michigan (School #M000257)
- Everest Institute – Atlanta, Georgia (School #B072305)
- Everest Institute – Austin, Texas (School #B070637)
- Everest Institute – Dearborn, Michigan (School #B070493)3
- Everest Institute – Detroit, Michigan (School #B070750)
- Everest Institute – Gahanna, Ohio (School #B070896)
- Everest Institute – Jonesboro, Georgia (School #B072113)
- Everest Institute – Marietta, Georgia (School #B07214)
- Everest Institute – Norcross, Georgia (School #B070664)
- Everest Institute – South Plainfield, New Jersey (School #B070943)
- WyoTech – Laramie, Wyoming (School #M000312)
- WyoTech – Blairsville, Pennsylvania (School #B070538)
- WyoTech – Ormond Beach, Florida (School #M072254)

The Commission reviewed the change of ownership Team Summary Reports and Management Reports for each individual campus. Upon review of the November 20, 2015 Team Summary Reports and the schools’ responses, the Commission noted that each response indicates that between February 2015 and December 2015, Zenith conducted internal audits to forty (40) of its campuses. The responses also include a general summary of recurring issues and an audit timeline along with a database highlighting past audit findings and future audit plans. According to Zenith,

*The database will assist in establishing accountability, identifying trends and training needs. Based on the audit findings in 2015, extensive training programs are being created to address those issues. The first actual training was conducted during the week of December 14, 2015 and all schools were required to participate. This first training session was a webinar presented by [REDACTED] Vice President of Internal Audit for both ECMC and the Zenith Education Group. As audits are conducted in 2016, any other common audit findings will be used to create additional training programs presented to campuses*

However, the Commission noted that none of the responses included any internal audit, training programs, or corrective action plan specific to each campus.

The Commission also considered a media report, namely the March 15, 2016 *Inside Higher Education* article, "Education Dept. Fires Law Firm Overseeing Zenith Group" describing the Department's decision to terminate the agreement between Zenith and the independent monitor, [REDACTED] based on evidence that the firm previously served as the legal counsel for Corinthian Colleges and therefore violated the terms of the agreement.

Based on the foregoing, the Commission opted to defer final action on the Change of Ownership Team Summary Reports/process and to continue system-wide Management Reporting with a subsequent review scheduled for ACCSC's February 2017 meeting.

**August 2016 Review and Action:**

At the August 2016 meeting, the Commission considered the audited consolidated financial statements for fiscal years ended December 31, 2014 and 2015 submitted on behalf of ACCSC-accredited schools owned by ECMC Group, Inc. and Subsidiaries ("ECMC"). Upon review of the financial statements, the Commission voted to place the ECMC ACCSC-accredited schools on system-wide Financial Reporting.

[REDACTED]

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

**February 2017 Review and Action:**

At the February 2017 meeting, the Commission considered its previous action to place the Zenith schools on system-wide Financial Reporting and to defer final action on the Change of Ownership/Management Report. Upon review of the October 13, 2016 system-wide deferral Commission letter and the schools' response, the Commission voted to continue each school within the system of Zenith on system-wide Financial Reporting and again defer final action on the Change of Ownership/Management Report.

[REDACTED]

- [REDACTED]
- [REDACTED]







be completed in this area. The Commission reviewed Zenith’s response and found it to be lacking, specifically with regards to the explicit direction provided by the Commission in previous correspondence. In Zenith’s most recent response, it provided the following “Summary of Internal Audit Reports”:

2015

*In 2015, Internal Audit (IA) audited the Bissonnet and Norcross campuses; a copy of each report is attached. IA did not perform an audit of the Tampa campus in 2015.*

2016

*In 2016, IA audited all three campuses. A copy of each report is attached. Note, in 2016 IA began transitioning to a new audit report format which significantly differed from 2015. The three reports that follow were during the transitional period and issued in a summary-level format. The 2017 campus audit report format provides more details.*

2017

*In 2017, the Bissonnet, Norcross and Tampa campuses were not audited.*

2018

*For 2018, all three campuses are scheduled to be audited in July/August 2018.*

The Commission took note that the three remaining Zenith institutions have only received one (1) to two (2) audits in the previous four (4) years to date. The Commission has is concerned as the audits have not been conducted on a regular basis, and a detailed audit report has never been made available for the Tampa campus. Given the length of time that Zenith has not provided the internal audits to the Commission, despite repeated directives to do so, along with the financial concerns articulated above and the institutional teach-out of the majority of campuses, the Commission determined that additional information is essential to ensure that the remaining campuses put the needs of students as a priority.

The Commission took note of the scheduled audits for July/August 2018 and has a keen interest in reviewing these audits as the original directive traces back to the Change of Ownership provisions approved by ACCSC. As such, the Commission directs Zenith to submit the following:

- a. The completed July/August 2018 compliance audits for the individual campuses to continue operations (Tampa, Norcross, and Houston), which details both the process for auditing and the results of the campus audits and any changes made as a result;
- b. Completion of the following chart which outlines each independent auditor the school has utilized since 2015 to date;

| Name of Auditor | Date Started | Date Concluded | Reason for Change |
|-----------------|--------------|----------------|-------------------|
|                 |              |                |                   |

- c. All other internal audits, training programs, and corrective action plans specific to each campus continuing operation, including any independent auditor reports provided to the Department of Education or the public at large;
- d. A detailed explanation as to what steps Zenith has taken to ensure compliance during the time period in which there were no audits conducted at the campuses; and
- e. Any additional information that Zenith believes will assist the Commission in regards to Zenith schools’ ongoing compliance with applicable regulations dating back to the change of ownership.

**Warning Restrictions:**

Pursuant to *Section VII (K)(9), Rules of Process and Procedure, Standards of Accreditation*, 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 under a Warning.

**Notification to Students:**

The Commission requires the school to inform current and prospective students in writing that the school has been placed on Warning and to provide a summary of the reasons for the Warning Order (*Section VII (K)(8) Rules of Process and Procedure, Standards of Accreditation*).

**Response Requirements:**

Zenith 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.<sup>1</sup> If the 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.

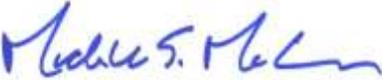
Zenith must upload the an electronic response directly to ACCSC's College 360 Database for each ACCSC-accredited institution. The ACCSC College 360 database can be accessed by [clicking here](#). Please note that the password utilized by the institution to access the Annual Report Portal is the same 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 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 response must include a signed certification attesting to the accuracy of the information and be received in the Commission's office **on or before October 16, 2018**. If the response, the required fee,<sup>2</sup> and the certificate of attesting to the accuracy of the information is not received in the Commission's office **on or before October 16, 2018**, the Commission will consider further appropriate action.

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

Sincerely,



Michale S. McComis, Ed.D.  
Executive Director

Encls.: Appendix A - ACCSC-Accredited Institutions Owned and Operated by Zenith Education Group, Inc.

<sup>1</sup> 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](http://www.accsc.org).

<sup>2</sup> ACCSC assess a \$250 processing fee to schools placed on Warning.

## Appendix A ACCSC-Accredited Institutions Owned and Operated by Zenith Education Group, Inc.

Altierus Career College  
#M072543  
Tampa, Florida

Altierus Career College  
#B070664  
Norcross, Georgia

Altierus Career College  
#B070778  
Houston, Texas

### Schools in Teach-Out until September 30, 2018:

Altierus Career Education  
#M000257  
Southfield, Michigan

Altierus Career College  
#B070637  
Austin, Texas

Altierus Career College  
#B070896  
Gahanna, Ohio

Altierus Career Education  
#B070943  
South Plainfield, New Jersey

Altierus Career College  
#B072305  
Atlanta, Georgia

Altierus Career College  
#M001180  
San Antonio, Texas

Altierus Career College  
#B070550  
Houston, Texas

Altierus Career College  
#M072532  
Colorado Springs, Colorado

Altierus Career College  
#B072551  
Fort Worth, Texas

Altierus Career College  
#M072533  
Thornton, Colorado

Altierus Career College  
#B072538  
Orange Park, Florida

Altierus Career College  
#M072546  
Henderson, Nevada

Altierus Career College  
#M072552  
Chesapeake, Virginia

Altierus Career College  
#M072554  
Woodbridge, Virginia

Altierus Career College  
#B072548  
Tigard, Oregon

Altierus Career College  
#B072549  
Arlington, Texas

Altierus Career College  
#M072556  
Everett, Washington

Altierus Career College  
#B072558  
Tacoma, Washington