

November 20, 2020

ELECTRONIC DELIVERY

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Trigram Education Partners
545 Long Wharf Dr., 5th Floor
New Haven, Connecticut 06511

Withdrawal of Accreditation

Re: **Trigram Education Partners**

- Harris School of Business, Voorhees, New Jersey (School #M001524)
 - Harris School of Business, Upper Darby, Pennsylvania (School #B072801)
 - Harris School of Business, Dover, Delaware (School #B070709)
- Branford Hall Career Institute, Parsippany, New Jersey (School #M000360)
 - Branford Hall Career Institute, Jersey City, New Jersey (School #B056051)

Dear ██████████

At its November 2020 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered its previous decision to place the above-referenced schools owned and operated by Trigram Education Partners (“Trigram” or “schools”) on Warning. Upon review of the schools’ response to the Commission’s October 8, 2020 and October 27, 2020 letters, the Commission found that Trigram failed to demonstrate that the financial structure of the schools is sound with resources sufficient for the proper operation of the schools and the discharge of its obligations to its students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*). Therefore, the Commission voted to withdraw the schools’ accreditation and to remove the schools from the list of ACCSC-accredited institutions. The history of the Commission’s review, the bases for the Commission’s decision to withdraw Trigram’s accreditation, and information on the Commission’s appeal process are set forth below.

History of the Commission’s Review

June 2020 Meeting

At the June 2020 meeting, ACCSC completed the review of the Application for a Change of Control-Part I that proposed a new ownership structure for the above referenced ACCSC-accredited schools. The application indicates that Trigram would acquire all assets necessary to operate the schools on or about July 17, 2020. Also included in the application is a July 17, 2020 pro-forma balance sheet showing a projected 1.61:1 current ratio and “Partners Contributions” in the projected amount of ██████████. Based upon the information provided in the application and the attestation therein, the Application for a Change in Control-Part I and the transfer of accreditation that would result from this change of ownership and control were approved.

The Commission’s June 18, 2020 approval letter made clear that the compliance of the institutions would be monitored by ACCSC throughout the change of control and associated on-site evaluation process, as well as the review of the institutions’ annual reports and audited financial statements. Furthermore, the Commission’s letter stated that the transition to the proposed new ownership/control structure under Trigram as described in the Application for a Change of Control-Part I would be evaluated within the

context of these requirements as well as the institutions' current compliance and likelihood of continued compliance, with ACCSC's accreditation standards.

August 2020 Meeting

In a letter dated August 5, 2020, the United States Department of Education ("the Department") notified ACCSC that the schools owned and operated by Trigram were no longer eligible to participate in the student financial assistance programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). Specifically, the Department's letter states that:

The Institutions did not submit two years of financial statements for the new owners or equivalent information that is acceptable to the Department in accordance with 34 C.F.R. § 600.20(g)(2)(iv). As Trigram Education Partners, LLC, is a newly formed entity and the Institutions did not provide a 25% letter of credit, the Institutions did not meet the requirements of filing a materially complete application and ceased to qualify as eligible Title IV, HEA program participants on June 26, 2020, the date of the CIO.

Additionally, the Department's letter specifies that in order to regain participation in the Title IV, HEA programs, the institutions must demonstrate that they continue to be eligible institutions pursuant to 34 C.F.R. § 600.20(b) and be approved by the Department to sign a new Provisional Program Participation Agreement under 34 C.F.R. Part 668, Subpart B.

Subsequently, in a letter dated August 14, 2020, the Commission expressed its concern to Trigram regarding the soundness of the organization's financial structure and whether it has resources sufficient for the proper operation of the schools and the discharge of obligations to the enrolled students (*Section I (C)(I), Substantive Standards, Standards of Accreditation*). The Commission advised that Trigram's failure to submit the audited balance sheet as of the date of the change of control transaction as required by the Application for a Change of Control-Part II exacerbated the financial soundness concern.¹

In accordance with *Section IV (F)(2)(c), Rules of Process and Procedure, Standards of Accreditation*, the Commission required each school to submit an Institutional Teach-Out Plan to be considered by the Commission at its September 2020 meeting.

September 2020 Meeting

At its September 2020 meeting, the Commission considered Trigram's response to ACCSC's August 15, 2020 letter regarding the Department's determination that the schools owned and operated by Trigram were no longer eligible to participate in the student financial assistance programs and the Commission's associated financial soundness concerns. Upon a review of the record in this matter, the Commission voted to place the ACCSC-accredited schools owned and operated by Trigram on **Warning** due to concerns regarding the loss of federal financial aid eligibility and Trigram's financial viability. Furthermore, pursuant to its authority under *Section IV (F)(2)(f), Rules of Process and Procedure, Standards of Accreditation*, the Commission determined that the submission of a teach-out agreement for each school to be appropriate and necessary.

¹ Trigram indicated in the Application for a Change of Control-Part II that "[a]n audited balance sheet is not yet available for submission" and that "Trigram fully expects to have it complete by August 31, 2020."

With respect to the August 15, 2020 Commission directive that Trigram explain how each school is able to meet its obligations to students in wake of the Department's stop payment of Title IV federal financial aid funds, Trigram asserted:

Trigram is a Delaware limited liability company owned equally by two members: [REDACTED] a Delaware limited partnership, and [REDACTED]. The ownership is providing each school with the fiscal support to meet the financial obligations as well as obligations to our students in the wake of the Department's stop pay of Title IV funds determination. Trigram intends to continuously provide the economic support necessary for all schools until such time as the CIO has been completed successfully and the eligibility for Title IV funds has been reinstated by the United States Department of Education.

The Commission found this response to be insufficient because it lacks any demonstration or evidence that in fact Trigram, [REDACTED] have the financial resources necessary to operate the five ACCSC-accredited institutions, particularly since the institutions are currently not eligible for Title IV funding. Despite the assertion made by Trigram in its response, Trigram failed to provide supporting documentation to demonstrate how the ownership is both capable of and in fact providing each school with sufficient financial support. Accordingly, the Commission's concerns remain regarding the soundness of the schools' financial structure and whether the schools possess the resources sufficient for the proper operation of the school and the discharge of obligations to students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*).

Moreover, the Commission's concern was further exacerbated by the schools' failure to submit the audited balance sheet as of the date of the change of control transaction as required by the Application for a Change of Control-Part II. In response to the August 15, 2020 letter, Trigram indicated that the audited same-day balance sheet takes time to prepare and that the schools' auditors are currently working on preparing the balance sheet. Despite the fact that Trigram asserted in the Application for a Change of Control-Part II that "[a]n audited balance sheet is not yet available for submission" and that "Trigram fully expects to have it complete by August 31, 2020," as of the September meeting, the Commission had yet to receive the required balance sheet.

The Commission sent Trigram a Warning letter dated October 8, 2020 with a subsequent review scheduled for the Commission's December 2020 meeting.

October 9, 2020 Notification and ACCSC's October 27, 2020 Letter

On October 9, 2020, Trigram provided a notification to ACCSC indicating that:

- The group's affiliated schools had been issued a Show Cause Order from ACCET;
- A media outlet had reported issues with the payroll and lease payments of Harris School of Business, located in Dover, Delaware; and
- The schools delayed a return to campus after the "Fall Break" due to "a delay in funding to meet payroll..."

Subsequent to this notification from Trigram, ACCSC became aware that ACCET had elevated its action to withdrawal of accreditation for the Trigram-owned schools. Accordingly, ACCSC issued a letter to Trigram on October 27, 2020 indicating that the matters described above were "of significant concern to the Commission" and that in light of the media report and the actions taken by ACCET, ACCSC had

accelerated its review of this matter from the December 2020 meeting to the November 2020 meeting. Accordingly, ACCSC required Trigram to submit a response to the October 8, 2020 letter no later than November 4, 2020. ACCSC also directed Trigram to provide an explanation and description of the impact of ACCET's action on the financial soundness of Trigram and the ACCSC-accredited schools, the ability of those schools to continue to operate, and an explanation and description as to the current operational status of the schools and how the ACCSC-accredited schools intend to make-up the instructional time lost due to the extended fall break as described in the October 9, 2020 notification submitted to ACCSC.

November 2020 Review and Action

At the November 2020 meeting, the Commission considered Trigram's responses to ACCSC's October 8, 2020 and October 27, 2020 letters, along with the history regarding this matter as outlined above. Based on its review, the Commission found that Trigram, despite being afforded multiple opportunities to do so, failed to demonstrate that the financial structure of the schools is sound, with resources sufficient for the proper operation of the schools and the discharge of obligations to students (*Section I (C)(1), Substantive Standards, Standards of Accreditation*).

Specifically, the Commission found that the schools owned and operated by Trigram continue to be ineligible to participate in Title IV and that this lack of eligibility is having a material impact on the operation of the schools and the educational experience of students. According to Trigram's response:

*All Trigram Schools are currently on "Fall Break". This break was taken not as a result of the actions taken by ACCET **but was taken as a result of the delay in funding [emphasis added]**. Per our [REDACTED] Trigram is very close to receiving our initial [REDACTED] which had been unpredictably delayed. In addition, [REDACTED] has been pledged to Trigram by our financial partner, [REDACTED], within the next 3-4 weeks. Once the funding has been received, Trigram will make all payments necessary to become current on all financial responsibilities and the schools will continue to operate as they have in the past. The school's will be in compliance with all federal, state and accreditor regulations and standards related to financial stability once the funding is received.*

As was the case with Trigram's response to ACCSC's August 15, 2020 letter regarding the financial viability of the schools, the Commission found the response to the October 8, 2020 and October 27, 2020 letters from ACCSC to be wholly inadequate because it lacks any documentation or evidence that in fact Trigram, [REDACTED] have the financial resources necessary to operate accredited postsecondary institutions in compliance with the Commission's standards. The Commission found that Trigram did not provide documentation to support its contention that it is "very close" to receiving the [REDACTED], or identify a timeframe around what "very close" means in terms of the timing of receiving the initial financing. Further, Trigram did not provide the Commission with the specific information regarding the areas where Trigram is not meeting its financial obligations (e.g., faculty and staff payroll) and did not provide any information to show that the infusion of capital, if received, is sufficient to address these financial obligations and allow the schools to resume operations at a level of quality required of accredited institutions. Additionally, Trigram did not explain how or provide any evidence to support its stated belief that "the schools will be in compliance with all federal, state and accreditor regulations and standards related to financial stability once the funding is received." In fact the Commission found that this statement underscores the notion that Trigram is aware that the schools are currently not operating in compliance of ACCSC-accreditation standards.

According to an unaudited interim balance sheet that Trigram did provide in response to ACCSC’s October 27, 2020 letter covering the period June 26, 2020 to September 30, 2020, the Commission noted the following:

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

The Commission found this information to be further evidence of Trigram’s weak financial position.

Moreover, the Commission found that Trigram’s lack of financial viability is also having a direct impact on the operation of the schools and the quality of the educational experience of hundreds of students served by the schools. Trigram’s response plainly states that funding is needed to “make all payments necessary to become current on all financial responsibilities” and that the schools remain on extended break “as a result of the delay in funding.” As such, due to the schools’ inadequate financial resources, the schools are for all intents and purposes non-operational² and are not fulfilling obligations to students by providing education and training as required by *Section I (G)(2)(b), Rules of Process and Procedure, Standards of Accreditation*.

With regard to the requirements to submit Teach-Out Agreements, Trigram in its response noted that to date, it has not been able to find a school with comparable programs and delivery methods. Moreover, the Teach-Out Agreement Approval Forms submitted on behalf of each school include the following statement over the signature line: “Not signed because the school has no intention of closing.” The Commission found that given the issues described above, not intending to close is not a reason to disregard ACCSC’s requirement for the schools to comply with the directive to submit the Teach-Out Agreements. This is especially the case since the schools are suffering significant financial distress and as a result not currently operating. Failure to submit a viable Teach-Out Plan or Teach-Out Agreement as directed is a violation of *Section IV (F)(1-2), Rules of Process and Procedure, Standards of Accreditation*.

The Commission also considered the fact that Trigram again failed to submit an audited same-day balance sheet, as required by the Application for a Change of Control-Part II and as requested by the Commission on two occasions. Trigram continues to assert that an audited balance sheet will be available in the future, indicating that it now believes the audited balance sheet will be available on December 26, 2020. To date, despite given multiple opportunities to do so, Trigram has been unable to produce an audited balance sheet. As such, the Commission does not have any reason to believe that Trigram has the resources or ability to prepare and submit an audited same-day balance sheet.

Based upon the foregoing, the Commission has acted to withdraw the accreditation of the ACCSC-accredited schools owned and operated by Trigram and to remove the schools from the list of ACCSC-accredited institutions.

² The Commission found that an “unscheduled break” due to a lack of financial resources is tantamount to a cessation of operation.

TEACH-OUT PLAN AND AGREEMENTS:

Pursuant to federal law, an accrediting agency recognized by the U.S. Department of Education must require a teach-out plan and, if practicable, a teach-out agreement from an institution subject to an adverse accreditation decision to withdraw accreditation.³ Given the scope of Trigram's financial issues and the non-operating status of the schools, the Commission determined that teach-out plans and teach-out agreements are appropriate, necessary, and practicable for each campus. Therefore, in accordance with *Section IV (F)(2)(b) Rules of Process and Procedure, Standards of Accreditation* the Commission requires that the schools owned and operated by Trigram each submit a completed [ACCSC Institutional Teach-Out Plan Approval Form](#) and [Teach-Out Agreement Approval Form](#) showing how, given the schools' non-operational status and possible consequences of the withdrawal of accreditation, Trigram will ensure the opportunity for students to complete their program of study through an arrangement with another accredited institution(s) approved to offer a comparative program. The schools' teach-out plans and agreements must be submitted **on or before December 21, 2020.**

APPEAL AND REAPPLICATION PROCESS AND PROCEDURE:

Trigram may opt to appeal the Commission's decision to withdraw accreditation or may elect to reapply for accreditation. If the schools choose to appeal this decision, each school will remain accredited and placed on Probation during the appeal process (*Section VIII (A)(2), Rules of Process and Procedure, Standards of Accreditation*). Details regarding the reapplication and appeal procedures are outlined in *Section II & Section VIII, Rules of Process and Procedures, Standards of Accreditation*.

- If Trigram elects to appeal this decision, the school must sign and return the enclosed Letter of Intent to Appeal a Commission Decision for each campus, along with the Appeal Expense Fee of \$30,000.00 (\$6,000 per campus)⁴ **on or before November 30, 2020.**
- If Trigram elects to appeal this decision, the school's Application for Appeal of a Commission Decision and Grounds for Appeal⁵ must be submitted **on or before December 21, 2020.**⁶
- If Trigram elects not to appeal this decision, the Commission's decision will become effective **November 30, 2020.** The school may submit comments **on or before November 30, 2020** in accordance with the enclosed Public Comment Disclosure Form. Comments submitted by the school will accompany any public disclosure of a final Commission action pursuant to *Section X (D)(4), Rules of Process and Procedure, Standards of Accreditation.*⁷

³ 34 CFR §602.24(c)(2)(iii).

⁴ *Section VIII (G), Rules of Process and Procedure, Standards of Accreditation.*

⁵ The Commission determined that although other citations of non-compliance are included in this letter, the primary reason for the Commission's decision is the school's failure to demonstrate adequate financial soundness. As such, the Commission further determined that Trigram may present new financial information on appeal in accordance with *Section VIII (C)(2)(c), Rules of Process and Procedure, Standards of Accreditation.*

⁶ Should Trigram choose to appeal but fail to submit complete and executable teach-out plans which include agreements/arrangements with other schools for each of its ACCSC-accredited schools, the Commission will view this as a violation of *Section I (G)(2)(c) & Section IV (F)(2)(b), Rules of Process and Procedure, Standards of Accreditation* and as such will add this to the grounds for withdrawal. Trigram's failure to submit viable and executable Teach-Out Plans and Teach-Out Agreements with its Application for Appeal of a Commission Decision and Grounds for Appeal will render the Commission's determination stated in footnote 6 above void insofar as the issue of financial soundness will no longer be the sole reason for the Commission's withdrawal decision.

⁷ Should Trigram choose not to appeal and fail to submit complete and executable Teach-Out Plans and Teach-Out Agreements for each of its ACCSC-accredited schools, the Commission will view this as a violation of its *Rules* and as such will add this to the grounds for the withdrawal.

- In accordance with *Section VII (N)(3) Rules of Process and Procedure, Standards of Accreditation*, the school may reapply no sooner than nine months from the date on which the denial of accreditation becomes effective.

For additional information regarding the Commission's decision, please contact me directly at

[REDACTED]

Sincerely,

[REDACTED]

Michale S. McComis, Ed.D.
Executive Director

Encls: Letter of Intent to Appeal a Commission Decision
ACCSC Standing Appeals Commission Members
Public Comment Disclosure Form