

(ACICS LETTERHEAD)

February 26, 2016

ID Code 00015775

VIA E-MAIL ONLY

Rabbi Kasriel Shemtov
President
Michigan Jewish Institute
6890 West Maple Road
West Bloomfield, MI 48322

Dear Rabbi Shemtov:

As a condition of its recognition as a reliable authority on institutional quality and integrity, the U.S. Department of Education expects ACICS to be vigilant and attentive to the management of Federal Student Aid resources by member institutions. In turn, ACICS expects institutions serving students under its grant of accreditation to operate with utmost integrity and diligence in all matters. The expectations are more prescriptive and consequential when the institution is participating in federal student financial aid programs and disbursements:

3-1-434. Administration of Student Financial Aid. Participation in state or federal student financial aid programs requires serious administrative responsibility. The Council expects all institutions participating in such programs to be knowledgeable of and in compliance with applicable laws and regulations.

Furthermore, the evaluation of institutional quality and integrity through accreditation depends greatly on a trust relationship between ACICS and the institutions it accredits, including all information that is encountered or provided:

3-1-202. Integrity. The integrity of an institution is manifested by the professional competence, experience, personal responsibility, and ethical practices demonstrated by all individuals comprising the ownership, control, or management.

- (a) Emphasis shall be placed upon the efficiency and effectiveness of the overall administration of the institution. Attention shall be given to educational activities, admissions, student financial aid, financial operations, plant and equipment, student services, and compliance with applicable local, state, and federal laws. The degree of institutional compliance with the criteria in these areas is a measure of the administrative capability of the chief on-site administrator of a main campus or branch campus.

The Council clearly expects that institutions operating while accredited by ACICS demonstrate appropriate levels of administrative capacity, including fulfilling the duty to create and maintain adequate records:

3-1-303. Records. Careful recordkeeping is crucial to the smooth day-to-day operation of an institution. The data from these records are important to the institution for future planning, to students for informational purposes, and to evaluation teams during school visits. All such records should be maintained at each institutional site or shall be available at each site during evaluation visits. The Council expects at least the following:

- (a) Adequate records shall be kept by each institution relative to administrative operations. These include financial aid activities, admissions, curriculum, accreditation and licensure, guidance, instructional resources, supplies and equipment, school plant, faculty and staff, student activities, and student personnel.
- (e) A permanent academic record (transcript) of the student's progress shall be maintained. Compatible with the institution's mission, the transcript shall indicate student accomplishment in terms of clock hours, units of credit, or some other recognized system. The grading system used shall be fully explained on the transcript and must be consistent with that appearing in the institutional catalog.
- (f) All basic records and reports pertaining to students shall be safely protected. Acceptable methods of protecting records from theft, fire, water damage, or other possible loss include appropriately fire-rated file cabinets (that can be and are locked when not being used); a central location such as a vault, the entirety of which is protected; and microfilmed records, computer disk, backup tape, printout records, or other hard copies of records protectively stored off the premises.

When ACICS receives information from a reliable third-party regarding the institution's apparent violation of Council standards, it has the authority to investigate the adverse information and take action:

2-3-700 – Complaints and Adverse Information

ACICS receives and is obligated to investigate legitimate complaints about an institution from any source, that in any way pertain to ACICS criteria. Also, ACICS periodically receives and may investigate information from federal or state agencies or other accrediting agencies, or through public media sources, which may indicate possible criteria violations.

2-2-303. Teach-out. The Council may direct a currently accredited institution to provide a school closure plan or a formal teach-out agreement in response to adverse information

... financial instability, or other concerns that may call into question the institution's ability to continue to serve the educational needs and objectives of its students or to continue as an on-going concern.

The Council has been notified that Michigan Jewish Institute's certification to participate in Federal Student Aid programs has been denied by the U.S. Department of Education. The basis for the denial includes that MJI provided false information to ACICS; that MJI failed to exercise adequate safeguards of administrative capacity; and that MJI breached its fiduciary duty to the Department.

Based on the information received from the Department, the Council requires MJI to provide the following:

1. Explanations for the provisioning by MJI of false information to ACICS; the failure of MJI to adequately safeguard the institution's administrative capacity as required by ACICS standards and Department program participation regulations; and the breach of MJI's duty as a fiduciary regarding the management of federal student aid programs and resources.
2. A teach-out plan for review and approval by the Council that describes how MJI plans to provide for the continuation and completion of every student currently enrolled in accredited programs be they online or in-person.

Finally, pursuant to Section 2-1-808 of the *Accreditation Criteria*, the Council acted to direct MJI to show cause at the April 2016 meeting of the Council why its current grant of accreditation should not be withdrawn by way of suspension.

You must notify the Council office in writing within ten days of receipt of this notice whether you desire a personal appearance before the Council at its next meeting scheduled for April 2016, or whether you will respond to the show cause directive in writing. There is a \$5,000 fee for personal appearances before the Council and a \$2,000 fee to respond to the show cause directive in writing. The appropriate fee is due within ten days of receipt of this notice.

If you choose to appear in person or in writing, please submit eight copies of your response, (information in addition to that listed above that you wish the Council to consider), via compact disk or thumb drive by March 19, 2016. Failure to provide all information requested within the established deadline will result in a \$500 late fee and may result in suspension of accreditation.

Your immediate attention to this matter is mandatory. If you have any questions, please contact me at (202) 336-6778 or Anthony S. Bieda, Vice president for External Affairs at abieda@acics.org.

Sincerely,

Albert C. Gray
President and CEO

DRAFT