



FEB 25 2016

Rabbi Kasriel Shemtov
Michigan Jewish Institute
6890 West Maple Road
West Bloomfield, MI 48322-3032

Sent Overnight Via UPS
Tracking Number: 1ZA879640199919291

Re: Denial of Recertification Application to Participate in the Federal Student Financial Assistance Programs—Michigan Jewish Institute, 6890 West Maple Road, West Bloomfield, MI 48322-3032; OPE-ID: 03284300

Dear Rabbi Shemtov:

The U.S. Department of Education (Department) has reviewed Michigan Jewish Institute's (MJi's) application for recertification to continue 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). In the normal course, MJi's Program Participation Agreement (PPA) would have expired on March 31, 2013. Because MJi timely submitted its recertification application, the Department extended MJi's previous PPA on a month-to-month basis while the Department reviewed the application and related matters. *See* 34 C.F.R. § 668.13(b)(2).

In addition to the recertification application materials, the Department reviewed, among other things, the results of the Department's onsite program review of MJi from July 7-11, 2014, including, but not limited to, documentation collected during that review, certain documentation obtained pursuant to an authorized search of MJi, conducted on July 7, 2015, and the statements of students in whose names MJi received Title IV funds who were never eligible to receive them. As set forth below, the information the Department obtained and reviewed establishes that MJi breached its fiduciary duty to the Department, failed to comply with the Department's standards of administrative capability, and made substantial misrepresentations to its accrediting agency. Specifically, among other things, MJi awarded Pell Grants to students who were not "regular students" as the law requires for receipt of those grants. MJi's misconduct will not be tolerated by the Department, and therefore, its recertification application is denied. As a result of this denial, the institution can no longer participate in the Title IV, HEA programs, as of February 29, 2016. *See* 34 C.F.R. § 668.13(b)(2).

As of February 29, 2016, MJi will no longer be eligible to participate in the following Title IV, HEA programs: Federal Pell Grant (Pell Grant), Federal Supplemental Educational Opportunity

Federal Student Aid
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Administrative Actions and Appeals Service Group
830 First St., N.E. Washington, D.C. 20002-8019
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Grant (FSEOG), Iraq and Afghanistan Service Grants (IASG), Teacher Education Assistance for College and Higher Education (TEACH) Grant, Federal Work-Study (FWS), Federal Perkins Loan (Perkins Loan), and William D. Ford Federal Direct Loan (Direct Loan). The Direct Loan program includes the Federal Direct Stafford/Ford Loan Program, the Federal Direct Unsubsidized Stafford/Ford Loan program, and the Federal Direct PLUS Program. The FSEOG, FWS, and Perkins Loan programs are known as campus-based programs.

I. MJJ BREACHED ITS FIDUCIARY DUTY TO THE DEPARTMENT

To begin and to continue participating in the Title IV, HEA programs, an institution shall demonstrate to the Secretary that it administers the Title IV, HEA programs in accordance with all statutory provisions of, or applicable to, Title IV of the HEA, and all applicable regulatory provisions prescribed under that statutory authority. 34 C.F.R. § 668.16(a).

On May 13, 2009, MJJ executed its most recent PPA with the Department, which likewise stated that MJJ would comply with all Title IV, HEA program requirements, as well as any conditions specified by the Department in the PPA. 20 U.S.C. § 1094(a)(1); *see generally* 34 C.F.R. § 668.14. By entering into the PPA with the Department, MJJ and its officers, accepted the responsibility to act as fiduciaries in the administration of the Title IV, HEA programs. As fiduciaries, MJJ and its officers are subject to the highest standard of care and diligence in administering the Title IV, HEA programs and in accounting to the Secretary for the funds received. 34 C.F.R. §§ 668.82(a) and (b). MJJ was required, “at all times, [to] act with the competency and integrity necessary to qualify as a fiduciary.” 34 C.F.R. § 668.82(a). MJJ evidenced its disdain for its fiduciary duties, and failed to maintain the requisite levels of competency and integrity, by, among other things, securing Pell Grants in the name of students who, even though they resided full-time abroad, were ostensibly enrolled in MJJ “study abroad” programs, and never intended to secure a degree from MJJ, and obtaining Pell Grants on behalf of still other students who were enrolled in foreign institutions with no intention of earning a degree from MJJ.

As a threshold matter, to be eligible to receive Title IV funds, a student must be “a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution.” 34 C.F.R. § 668.32(a)(1)(i). A “regular student” is defined as “[a] person who is enrolled or accepted for enrollment at an institution for the *purpose* of obtaining a degree, certificate, or other recognized educational credential *offered by that institution.*” 34 C.F.R. § 600.2 (Regular Student Definition)(*emphasis added*). As an institution of higher education eligible to receive Title IV funds, MJJ was required to admit “regular students.” *See* 34 C.F.R. § 600.4(a)(2). Nonetheless, the evidence the Department has reviewed shows that many, if not most, of MJJ students had no interest in obtaining, or intention of receiving, a degree or certificate offered by MJJ. Rather, they were “enrolled” in MJJ, and by MJJ, for the sole purpose of getting MJJ Pell Grants, while these students “studied abroad.” Such abuse of the Pell Grant program is unacceptable.

For example, without question, a traditional “study abroad” program consists of students who attend a university in the United States and then, after completing a portion of their studies, receive the opportunity to enhance their educational program by studying “abroad”—in a location other than where they otherwise normally reside. In such circumstances, these students are eligible for Title IV assistance as long as they “remain[] enrolled as a regular student in an eligible program at an eligible institution” during the time of the study abroad portion of their program. 34 C.F.R § 668.39(a). Here, MJI turned the notion of a study abroad program on its head, and demonstrated that it was awarding Pell Grants to students who were not “regular students.”

A. Israeli Resident Students Were Not Regular Students of MJI Studying Abroad

The evidence shows that almost 2000 U.S. citizens, who were full-time Israeli residents, received Pell Grants for ostensibly “studying abroad” in Israel at Israeli institutions between 2006 and 2012. (Attachment A.)¹ Not a single one of them ever physically attended classes at MJI and none of them graduated from MJI. More than a quarter of these individuals were enrolled at universities or colleges in Israel offering degree programs or were enrolled in teachers’ colleges in Israel offering teacher certificates. This evidence demonstrates that these students did not study briefly at an Israeli institution to enhance their educational experience after enrolling in MJI for purposes of obtaining a degree from MJI. Rather, these full-time Israeli residents were “enrolled” in MJI so MJI could obtain and use Pell Grants, partly to subsidize the education of full-time Israeli residents enrolled at Israeli educational institutions, and partly to fund its own activities.²

During the Department’s recent program review of MJI, this phenomenon was seen to be ongoing. Of 30 student files randomly selected from a valid statistical sample for the 2012-2013 and 2013-2014 award years, all 30 belonged to students who began their program as “study abroad” students, and 25 were Israeli residents.³ Nine of the students, who were enrolled in 2012-2013, did not physically take any courses at MJI and none of them graduated, but instead dropped out after concluding the so-called “overseas portion” of their program. The remaining 21 were ostensibly still enrolled during the time of the program review, so their eventual retention and completion status was unknown at that time. In a request for payment of Title IV funds submitted by MJI on or about January 28, 2016, however, MJI requested additional Title IV funds for only two of the 21 students for award year 2014-2015, suggesting that all of the rest

¹ By making reference to students “attending” overseas schools throughout this letter, the Department does not affirm either that the schools actually existed, or if they did, that the students actually attended.

² As part of this scam, the Department is aware of a number of advertisements distributed around Israel that stated things like, “Are YOU (or your spouse) an American citizen? Earn \$1500 (US Government grant) by taking weekly on-line tests on information you already know!”

³ Two others resided in France and Australia.

dropped out following completion of the “overseas portion” of their educational program.⁴ Such numbers strongly suggest that none of these students were regular students who enrolled in MJJ with the purpose of obtaining a degree from MJJ. (See Attachment B.)

In addition, 524 students were supposedly enrolled in a MJJ computer degree program. Each student’s transcript identifies the total number of credits earned for anything that is even arguably a class at an overseas school relevant to a computer degree, and the total number of credits earned for anything that is even arguably a class at MJJ relevant to a computer degree. No MJJ-supplied computer degree credits are listed on 520 of these 524 transcripts, and the vast majority of students who purportedly enrolled in MJJ for the purpose of obtaining a computer-related degree took no computer classes, anywhere, at all. None earned sufficient credits even approaching the number required to graduate. Specifically, of the 524 supposed MJJ computer degree students, more than 75%, or 401 students, earned *zero* computer-related credits. Most of the rest, or 81 of 123, had just one computer-related course listed on their transcripts. For the 12 students out of the 524 who have the largest number of credits-- between 12 and the maximum number identified of 25 credits-- they were virtually all studying at Israeli universities: Ono Academic College or Jerusalem College of Technology. (Attachment C.) Once again, this evidence demonstrates that MJJ obtained Pell Grant funds in the names of students who could not be classified as “regular students.” These students most assuredly did not enroll with the purpose of obtaining a computer-related degree from MJJ given that they failed to earn any meaningful credits towards that degree.

B. Many Israeli Resident Students Were Enrolled Full-Time in, and Graduated from, Israeli Educational Institutions

The fact that purported MJJ students did not enroll for the purpose of obtaining an MJJ degree is reinforced by the educational information stated on the “LinkedIn” pages of many students for whom MJJ received Pell Grants ostensibly to pursue a degree from it. None of these students stated anything about attending MJJ. To the contrary, these students were all studying at foreign institutions with the purpose of obtaining a degree from a foreign institution, and had no connection to MJJ other than as a source of federal funds for MJJ. (See Attachment D.)⁵

⁴ It also appears that the other two students likewise dropped out, without graduating. In particular, the transcript for Program Review Student #27, which was generated on September 17, 2015, says “no” for this student as graduated and does not have courses in progress for the Fall 2016 term. She also does not appear on MJJ’s 2015-2016 request for funding. The transcript for Program Review Student #23, which indicates that the student changed educational programs from Judaic Studies to the Talmudic Law and Jurisprudence Certificate program, does not identify whether the student graduated or withdrew; however, the student also does not appear on MJJ’s 2015-2016 request for funding. According to MJJ’s 2015-2016 catalog (at 79), it takes 60 credit hours to complete the Talmudic Law and Jurisprudence Certificate program. Because this student only completed 48 hours per his transcript, and is not on MJJ’s 2015-2016 request for a Pell Grant disbursement, it seems highly likely that the student did not graduate and is no longer enrolled.

⁵ There is a separate process through which foreign institutions may apply to be eligible to receive Title IV funds on behalf of their students. In no circumstance may these institutions award and receive Pell Grants. See 34 C.F.R. Part 600, Subpart E.

For example, Student #1's LinkedIn page states that she obtained a Bachelor's of Science degree from Machon Lev, and that she attended from 2006 to 2009, when she graduated. MJI is not mentioned on her LinkedIn page. MJI represents on the student's transcript that she was enrolled in a Bachelor's Degree program in General Judaic Studies at MJI in 2008 and 2009, and during that entire time, she was enrolled in a study abroad program at Machon Lev, after which she dropped out. Student #1 is an Israeli resident for whom MJI received a Pell Grant in 2008-2009 for \$4,381.

Student #2's LinkedIn page states that she obtained a Bachelor's Degree in Computer Science from "Lev Academic Center (JCT)" which is also Machon Lev, and that she attended from 2009 to 2012, when she graduated. MJI is not mentioned on her LinkedIn page. MJI represents on the student's transcript that she was enrolled in a Bachelor's Degree program in Computer Information Systems at MJI in Fall 2010, during which she was in a "study abroad" program at Machon Lev, after which she dropped out. Student #2 is an Israeli resident for whom MJI received a Pell Grant in 2010-2011 for \$2,775.

Student #3's LinkedIn page identifies her by her maiden name, and states that she obtained a Bachelor's Degree in Accounting from JCT/Machon Lev. It does not state the year. MJI is not mentioned on her LinkedIn page. MJI represents on the student's transcript that she was enrolled in a Bachelor's Degree program in General Judaic Studies at MJI from Fall 2011 through Winter 2012, was supposedly enrolled in a "study abroad" program at Machon Lev during this entire time, after which she dropped out. Student #3 is an Israeli resident for whom MJI received a Pell Grant in 2011-2012 for \$5,550 and in 2012-2013 for \$2,775.

Student #4's LinkedIn page states that he obtained a Bachelor's Degree in Accounting and Information Systems from Machon Lev in 2013, having attended from 2010 to 2013. MJI is not mentioned on his LinkedIn page. MJI represents on the student's transcript that he was enrolled in a Bachelor's Degree program in Business and Information Systems at MJI from Fall 2010 through Winter 2012, during which time he was enrolled in a "study abroad" program at Machon Lev, after which he dropped out. Student #4 is an Israeli resident for whom MJI received a Pell Grant in 2010-2011 for \$5,550 and in 2011-2012 for \$5,550.

Student #5's LinkedIn page states that she graduated with a Bachelor's of Science Degree in Computer Science from Machon Lev in 2013, having attended from 2009 to 2013. MJI is not mentioned on her LinkedIn page. MJI represents on the student's transcript that she was enrolled in a Bachelor's Degree program in General Judaic Studies at MJI from Fall 2008 through Fall 2010. During that time, MJI represents that she was in a "study abroad" program, first at a school called Maalot, and then at Machon Lev, after which she dropped out. Student #5 is an Israeli resident for whom MJI received a Pell Grant in 2008-2009 for \$4,731 and in 2010-2011 for \$2,600.

Student #6's LinkedIn page states that he graduated from Machon Lev in 2012, with a Bachelor of Science degree in Software Engineering, having attended from 2008 to 2012. MJI is not

mentioned on his LinkedIn page. MJI represents on the student's transcript that he enrolled in a Bachelor's Degree program in Computer Information Systems at MJI in Fall 2008 and attended through Winter 2010, after which he dropped out. During this entire time, he was supposedly enrolled in a "study abroad" program at Machon Lev. Student #6 is an Israeli resident for whom MJI received a Pell Grant in 2008-2009 for \$4,731 and in 2009-2010 for \$5,350.

Student #7's LinkedIn page states that she attended Machon Lev from 2011 to 2015. MJI is not mentioned on her LinkedIn page. MJI represents on the student's transcript that she enrolled in a Bachelor's Degree program in General Judaic Studies at MJI in Fall 2011 and remained enrolled for two semesters, after which she dropped out. During those two semesters, MJI states that she was enrolled in a "study abroad" program at Machon Lev. Student #7 is an Israeli resident for whom MJI received a Pell Grant in 2011-2012 for \$5,550.

Student #8's LinkedIn page states that he graduated from JCT/Machon Lev, with a Bachelor's of Technology, Marketing, and Management in 2011, having attended from 2008 to 2011. MJI is not mentioned on his LinkedIn page. MJI represents on the student's transcript that in Fall 2009, the student enrolled in a Bachelor's Degree program in Business and Information Systems at MJI, and that he remained enrolled for two semesters, after which he dropped out. During the entire time of his MJI enrollment, he was supposedly enrolled in a "study abroad" program at Machon Lev. Student #8 is an Israeli resident for whom MJI received a Pell Grant in 2009-2010 for \$5,350.

Student #9's LinkedIn page says that he obtained a Bachelor's Degree in Marketing from Jerusalem College of Technology (Machon Lev), and that he attended from 2009 to 2013, when he graduated. MJI is not mentioned on his LinkedIn page. MJI represents on the student's transcript that he was enrolled in a Bachelor's Degree program in Business and Information Systems at MJI from Fall 2010 through Winter 2012, when he dropped out, and that most of that time he was attending a "study abroad" program at Machon Lev. Student #9 is an Israeli resident for whom MJI received a Pell Grants in 2010-2011 for \$4,163 and in 2011-2012 for \$3,885.

Student #10's LinkedIn page states that he graduated from Machon Lev in 2013, with a Bachelor of Science degree in Computer Science, having attended from 2011 to 2013. He does not mention MJI on his LinkedIn page. MJI represents on the student's transcript that in Fall 2011, he enrolled in a Bachelor's Degree program in General Judaic Studies at MJI and that he remained enrolled for two semesters, after which he dropped out. During the entire time of his MJI enrollment, he was supposedly enrolled in a "study abroad" program at Machon Lev. Student #10 is an Israeli resident for whom MJI received a Pell Grant in 2011-2012 for \$5,550 and in 2012-2013 for \$5,550.

Student #11's LinkedIn page states that he attended Machon Lev from 2009 to 2014. MJI is not mentioned on his LinkedIn page. MJI represents on the student's transcript that he enrolled at MJI in Fall 2009 in a Bachelor's Degree program in Business and Information Systems, and that he remained enrolled through Winter 2012 semester, after which he dropped out. During the entire time of his MJI enrollment, he was supposedly enrolled in a "study abroad" program at

Machon Lev. Student #11 is an Israeli resident for whom MJJ received a Pell Grant in 2009-2010 for \$5,350 and in 2011-2012 for \$5,550.

Student #12's LinkedIn page states that he graduated from Machon Lev with a Bachelor of Arts in Business, Management, Marketing, and Related Support Services in 2011, having attended from 2007 to 2011. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in a Bachelor's Degree program in Business and Information Systems at MJJ in Fall 2009, and that he attended for two semesters, after which he dropped out. During both of these semesters, he was supposedly enrolled in a "study abroad" program at Machon Lev. Student #12 is an Israeli resident for whom MJJ received a Pell Grant in 2009-2010 for \$5,350.

Student #13's LinkedIn page states that he graduated from Machon Lev in 2014, with a Bachelor of Arts Degree in Accounting and Information Systems, having attended from 2010 to 2014. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that in Fall 2010, the student enrolled in a Bachelor's Degree program in Computer Information Systems at MJJ, and that he attended MJJ through Winter 2012, after which he dropped out. During the entire time of his MJJ enrollment, he was ostensibly enrolled in a "study abroad" program at Machon Lev. Student #13 is an Israeli resident for whom MJJ received a Pell Grant in 2010-2011 for \$5,550 and in 2011-2012 for \$5,550.

Student #14's LinkedIn page states that he attended JCT/Machon Lev from 2011 to 2015. Although it is not completely clear, it appears that his degree was in software engineering. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in MJJ in Fall 2011 in a Bachelor's Degree program in General Judaic Studies, and that he attended for two semesters and then dropped out. During the entire time of his MJJ enrollment, he was ostensibly enrolled in a "study abroad" program at Machon Lev. Student #14 is an Israeli resident for whom MJJ received a Pell Grant in 2011-2012 for \$5,550 and in 2012-2013 for \$5,550.

Student #15's LinkedIn page states that she graduated from JCT/Machon Tal with a Bachelor's Degree in Computer Science in 2010, having attended from 2006 to 2010. Machon Tal is part of the Jerusalem College of Technology, like Machon Lev. MJJ is not mentioned on her LinkedIn page. MJJ represents on the student's transcript that she enrolled in a Bachelor's Degree program in Computer Information Systems at MJJ in Fall 2009 and attended for two semesters before dropping out. The entire time of her MJJ enrollment, she was ostensibly enrolled in a "study abroad" program at Machon Lev. Student #15 is an Israeli resident for whom MJJ received a Pell Grant in 2009-2010 for \$1,725.

Student #16's LinkedIn page states that she graduated from Machon Lev with a Bachelor of Applied Science in Computer Science in 2014, having attended from 2010 to 2014. MJJ is not mentioned on her LinkedIn page. MJJ represents on the student's transcript that she enrolled in a Bachelor's Degree program at MJJ in Fall 2008 and attended through Winter 2011, after which she dropped out. During the first year of this enrollment, she was supposedly in a study abroad

program at a girls' seminary, and thereafter in a study abroad program at Machon Lev. Student #16 is an Israeli resident for whom MJJ received a Pell Grant in 2008-2009 for \$4,731.

Student #17's LinkedIn page states that he has an Electronics Engineering degree from Machon Lev. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in a Bachelor's Degree program in Computer Information Systems at MJJ in Fall 2008 and remained continuously enrolled through Winter 2010, at which point he dropped out. During the entire time of his MJJ enrollment, he was ostensibly in a "study abroad" program at Machon Lev. Student #17 is an Israeli resident for whom MJJ received a Pell Grant in 2008-2009 for \$4,731 and in 2009-2010 for \$5,350.

Student #18's LinkedIn page states that she obtained a Bachelor's Degree in Accounting and Information Systems from JCT/Machon Lev in 2013, having attended from 2009 to 2013. MJJ is not mentioned on her LinkedIn page. MJJ represents on the student's transcript that she enrolled in a Bachelor's Degree program in General Judaic Studies at MJJ in Fall 2009, and remained enrolled through Winter 2012, at which point she dropped out. During that entire time, she was purportedly enrolled in a "study abroad" program at components of JCT, the Lustig Institute from 2010-2011 and Machon Lev from 2011-2012. Student #18 is an Israeli resident for whom MJJ received a Pell Grant in 2009-2010 for \$5,350 and in 2011-2012 for \$5,550.

Student #19's LinkedIn page states that he attended Ono Academic College from 2011-2014. Although no degree is listed, he apparently received a legal education because he is engaged in the practice of law. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in a Bachelor's Degree program in General Judaic Studies at MJJ in Fall 2011, and remained enrolled through Winter 2012, at which point he dropped out. During the entire time of his MJJ enrollment, he was ostensibly in a "study abroad" program at Ono Academic College. Student #19 is an Israeli resident for whom MJJ received a Pell Grant in 2011-2012 for \$2,063.

Student #20's LinkedIn page states that he has a Bachelor's Degree in Business from Ono Academic College, having attended from 2008-2011. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in a Bachelor's Degree program in General Judaic Studies at MJJ in Fall 2009 and remained continuously enrolled through Fall 2010, at which point he dropped out. During the entire time of his MJJ enrollment, he was ostensibly in a "study abroad" program at Ono Academic College. Student #20 is an Israeli resident for whom MJJ received a Pell Grant in 2009-2010 for \$5,125 and in 2010-2011 for \$1,388.

Student #21's LinkedIn page states that she has a Bachelor's Degree in Business Administration from Ono Academic College, having attended from 2009-2013. MJJ is not mentioned on her LinkedIn page. MJJ represents on the student's transcript that she enrolled in a Bachelor's Degree program in Business and Information Systems at MJJ in Fall 2009 and remained continuously enrolled through Fall 2010, at which point she dropped out. During the entire time of her MJJ enrollment, she was ostensibly in a "study abroad" program at Ono Academic

College. Student #21 is an Israeli resident for whom MJJ received a Pell Grant in 2009-2010 for \$6,688 and in 2010-2011 for \$4,163.

Student #22's LinkedIn page states that he attended Ono Academic College-Law School from 2005-2009, and received his Bachelor of Laws Degree. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in Bachelor's Degree program in General Judaic Studies at MJJ in Fall 2007, and remained enrolled through Winter 2008, at which point he dropped out. During the entire time of his MJJ enrollment, he was ostensibly in a "study abroad" program at Ono Academic College. Student #22 is an Israeli resident for whom MJJ received a Pell Grant in 2007-2008 for \$4,310.

Student #23's LinkedIn page states that he is still a student attending Ono Academic College, where he has studied from 2009-2015. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in a Bachelor's Degree program in General Judaic Studies at MJJ in Fall 2011, and remained enrolled through Winter 2012, at which point he dropped out. During the entire time of his MJJ enrollment, he was ostensibly in a "study abroad" program at Ono Academic College. Student #23 is an Israeli resident for whom MJJ received a Pell Grant in 2011-2012 for \$5,550 and in 2012-2013 for \$4,857.

Student #24's LinkedIn page states that he attended Kiryat Ono Law School from 2007-2011, and received his Bachelor of Laws Degree. MJJ is not mentioned on his LinkedIn page. MJJ represents on the student's transcript that he enrolled in a Bachelor's Degree program in General Judaic Studies at MJJ in Fall 2008, and remained enrolled through Winter 2011, at which point he dropped out. During the entire time of his MJJ enrollment, he was ostensibly in a "study abroad" program at Ono Academic College. Student #24 is an Israeli resident for whom MJJ received a Pell Grant in 2008-2009 for \$4,731 and in 2010-2011 for \$1,375.

Student #25's LinkedIn page states that she has a Bachelor's Degree in Business Administration from Ono Academic College, having attended from 2009-2012. MJJ is not mentioned on her LinkedIn page. MJJ represents on the student's transcript that she enrolled in a Bachelor's Degree program in Computer Information Systems at MJJ in Fall 2008 and remained continuously enrolled through Spring 2010, at which point she dropped out. During the entire time of her MJJ enrollment, she was ostensibly in a "study abroad" program at Ono Academic College. Student #25 is an Israeli resident for whom MJJ received Pell Grants in 2008-2009 for \$4,731 and in 2009-2010 for \$7,950.

Student #26's LinkedIn page states that she has a Bachelor's Degree in Accounting and Business Management from Ono Academic College, having attended from 2008-2011. MJJ is not mentioned on her LinkedIn page. MJJ represents on the student's transcript that she enrolled in a Bachelor's Degree program in General Judaic Studies at MJJ in Fall 2007 and remained continuously enrolled through Winter 2009, at which point she dropped out. During the entire time of her MJJ enrollment, she was ostensibly in a "study abroad" program at Ono Academic College. Student #26 is an Israeli resident for whom MJJ received a Pell Grant in 2007-2008 for \$4,310 and in 2008-2009 for \$4,731.

Student #27's LinkedIn page states that he is still a student attending Ariel University, where he has studied from 2010-2016. MJI is not mentioned on his LinkedIn page. MJI represents on the student's transcript that he enrolled in Bachelor's Degree program in General Judaic Studies at MJI in Fall 2010, and remained enrolled through Winter 2012, at which point he dropped out. During the entire time of his MJI enrollment, he was ostensibly in a "study abroad" program at Ariel University, except for two purported MJI Online courses in Winter 2012, which are also the only Judaic Studies classes he ostensibly took. Student #27 is an Israeli resident for whom MJI received a Pell Grant in 2010-2011 for \$5,550 and in 2011-2012 for \$5,550.

Student #28's LinkedIn page states that he attended Ariel University from 2009-2013, and received his Bachelor of Science Degree in Industrial Engineering. MJI is not mentioned on his LinkedIn page. MJI represents on the student's transcript that he enrolled in Bachelor's Degree program in General Judaic Studies at MJI in Fall 2010, and remained enrolled through Winter 2012, at which point he dropped out. During the entire time of his MJI enrollment, he was ostensibly in a "study abroad" program at Ariel University, except for four purported MJI Online courses in Fall 2011 and Winter 2012, which, other than one other, are also the only Judaic Studies classes he ostensibly took. Student #28 is an Israeli resident for whom MJI received a Pell Grant in 2010-2011 for \$5,550 and in 2011-2012 for \$5,550.

All of the above students, from a small sample of students, received degrees from a legitimate Israeli institution, or are still pursuing a degree from such an institution, because that is where they enrolled for purposes of obtaining a degree. They were not regular students of MJI, enrolled for purposes of receiving a degree from MJI. They were not "study abroad" students who enrolled as regular students at MJI, and then travelled overseas to enhance their educational experience before securing, or at least further pursuing, an MJI degree. These students had no meaningful connection to MJI, except that MJI used them to illegally obtain Pell Grants on their behalf. The Department will permit this scheme to continue no longer.

C. U.S. Resident Students Were Not Regular Students of MJI Studying Abroad

Even those students residing in the United States who studied abroad in Israel were not regular students seeking a degree from MJI. Rather, those with whom the Department has spoken have consistently admitted that they were connected to MJI on paper only for the purpose of securing religious education overseas.

The Department's Office of the Inspector General (OIG) spoke with six former students, or their parents, who otherwise reside in the United States, but were associated with MJI for the sole purpose of pursuing religious studies abroad, rather than obtaining a computer-related MJI degree as their transcript with MJI pretends to represent, and as MJI falsely stated to its accrediting agency, the Accrediting Council for Independent Colleges and Schools (ACICS), in its Campus Accountability Report (CAR) back-up data. (See Attachment E.)

On December 4, 2014, the OIG spoke with Student #29 who ostensibly was an MJI student in 2009-2010. Upon graduation from high school, Student #29 explained that MJI advised her that she could attend an "Israel Program" where she could get funding to travel to Israel, study at a seminary, and earn college credits for the experience. Student #29 never attended MJI, but signed up for MJI's program to help defray the costs of a trip to Israel. She explained that she was not enrolled in any specific program of study, and that contrary to her transcript, she did not sign up for a Bachelor of Applied Science in Computer Information Systems. At no time did she take any computer classes or online classes in Israel, and, in fact, she never used a computer while at the seminary. Student #29 returned to the U.S. following her attendance at the seminary.

MJI received a Pell Grant of \$5,350 on Student #29's behalf, despite her failure to enroll as a regular student at MJI.

On December 3, 2014, the OIG spoke with Student #30 who ostensibly was an MJI student in 2009-2010. Student #30 advised that she knew of MJI and that it was possible she signed up for classes through MJI, but not for anything to do with computers. She stated that she attended Seminary Yerushalayim in Jerusalem during the 2009-2010 school year, studying Judaic Studies. Contrary to her transcript, she never enrolled in a Bachelor of Applied Science in Computer Information Systems program, nor did she ever use a computer while in seminary. Following the conclusion of her one-year seminary studies, she has had no further schooling.

Even though MJI received a Pell Grant of \$3,200 on her behalf, Student #30 said she had no memory of completing any paperwork requesting such a grant. She certainly did not enroll in MJI for the purpose of obtaining a computer-related degree and had no knowledge of receiving a federal grant on that basis.

On December 4, 2014, the OIG spoke with Student #31 who ostensibly was an MJI student in 2009-2010 and 2010-2011. Although Student #31 is currently living in Israel, his mother informed him that agents had been by her residence and left a card for him to call, which he did. Student #31 stated that he studied for a year at a Yeshiva in Israel. He was aware of a program through MJI where funds could be provided to help defray the costs of studying at a Yeshiva in Israel. Student #31, however, stated that he did not know if he received any such funds through MJI, even though MJI received two Pell Grants of \$6,688 and \$7,770 on his behalf. Contrary to what was represented on his transcript, Student #31 also denied that he was ever enrolled in any computer-related degree program, and did not pursue a Bachelor of Applied Science in Computer Information Systems. He affirmed that he studied nothing but Judaic Studies at the Yeshiva.

On December 4, 2014, the OIG spoke with Student #32 who ostensibly was an MJI student in 2009-2010. Student #32 stated that upon graduation from Bais Yaakov High School in Lakewood, NJ in 2009, her mother received information from the high school regarding a program to study abroad in Israel for a year through MJI. Supposedly, MJI provided a scholarship to help pay for attendance at a seminary. Although MJI received a Pell Grant of

\$5,350 on her behalf, Student #32 stated that she was unaware of having received any federal funds for studying in Israel, and had never applied for a federal personal identification number (PIN) to seek financial aid.

Student #32 attended Beth Jacob Seminary and studied Judaic Studies from Fall 2009 until sometime in 2010. She was not enrolled in MJI in 2010-2011, but instead attended Excelsior College that year. She subsequently dropped out of college when she got engaged to be married and never returned to school after then. She has never had any communication with, or correspondence from, MJI after completing her seminary studies.

Student #32 affirmed that she never enrolled in a Bachelor of Applied Science in Computer Information Systems program, as her transcript claims, or any other computer-related program of any sort. She stated that she was only associated with MJI to get money to study at a seminary in Israel and never otherwise took any courses, online or otherwise, from MJI. She certainly never intended to receive a computer-related degree from MJI.

On December 3, 2014, the OIG spoke with the mother of Student #33 who, ostensibly, was an MJI student in 2009-2010. Student #33's mother would not give her name, other than to state that she was the student's mother, and at various points during the in-person interview, stated that she was on the phone with her daughter.

Student #33's mother stated that her daughter is married and has lived in Israel for four years. She further stated that her daughter used the "Israeli Option" through MJI to attend Beth Jacob Seminary in Israel for Judaic Studies. Per Student #33's mother, the "Israeli Option" is used to defray costs of the seminary and also provides college credits. Student #33's mother affirmed that all classes taken in Israel related to Judaic Studies, which she described as "intense." Her daughter attended the seminary in the 2009-2010 school year. She further affirmed that her daughter was never enrolled in a Computer Information Systems program at MJI, contrary to her daughter's supposed MJI transcript. She was also unaware of any specifics regarding whether her daughter received a Pell Grant, even though MJI received one for \$5,350 on her behalf. She said that she believed that any funds her daughter received would have come through the seminary and not MJI. She also said that she believed that she and her daughter completed some paperwork and mailed it to MJI. They did not complete any paperwork online because they do not own a computer.

On December 3, 2014, the OIG spoke with Student #34 who ostensibly was an MJI student in 2009-2010. Student #34 stated that she graduated from Bais Kaila High School in Lakewood, NJ in 2009. She then attended Hadar Bais Yaakov Seminary in Israel for about 10 months beginning in September 2009. She explained that she studied Judaic Studies at the seminary.

Student #34 explained that she attended the seminary through a program offered by MJI, which gives students college credits for the work done at the seminary in Israel and provides funds for the costs. Student #34 did not know if the funds were federal funds or private funds and thought

that she had received a scholarship from MJJ. To the contrary, MJJ received a Pell Grant of \$5,200 for Student #34's purported enrollment in MJJ.

Student #34 stated that her parents completed the paperwork associated with MJJ and the funding for the seminary. She stated that she may have signed something, but could not recall. Student #34 did not have an email address until after she concluded her seminary studies and returned to the United States. Student #34 stated that her parents heard about MJJ through word of mouth and added that many people know about it.

Student #34 stated that all classes at the seminary related to Judaic Studies. Contrary to her transcript, she affirmed that she was never enrolled in any Bachelors of Applied Sciences program and knew nothing about a Computer Information Systems program. Student #34 explained that she never used a computer while at the seminary.

Student #34 received a diploma from the seminary; she did not receive a diploma or certificate from MJJ.

In addition, the OIG spoke with three other former MJJ students who reside in the United States, but attended MJJ for the sole purpose of pursuing religious studies abroad, and for whom MJJ falsely stated to ACICS in its CAR back-up data were enrolled in a degree program.

On January 14, 2016, the OIG spoke with Student #35 who ostensibly was an MJJ student in 2010-2011. Student #35 began attending high school in Atlanta, GA, but finished in Ohio. She then travelled to Israel to study Judaic Studies for a year. The school in Israel where she studied was Nachlas Bais Yaakov, and she believes she studied there in 2010-2011. She represented that her father paid for her education, even though MJJ received a Pell Grant of \$5,447 on her behalf.

While in Israel, Student #35 never used a computer nor took any classes online. Her MJJ transcript reflects 31 credits earned at the seminary; none at MJJ. Student #35 said that she understood there was some "college" that had agreed to provide her with college credits for her studies at Nachlas, but she did not know that college's name, claimed not to have completed any paperwork from that college, and never had any interaction from anyone from it. She had no knowledge of MJJ.

On January 14, 2016, the OIG spoke with Student #36 who ostensibly was an MJJ student in 2010-2011. Student #36 stated that she went to high school at Yavne Hebrew Academy in Cleveland, OH and graduated in 2010. She went to Israel to study Judaic Studies at a teacher's seminary for one year in 2011 and then studied no further. She said that the schooling was paid for by her father and with scholarships. Student #36 said she was unaware of receiving any federal funds, even though MJJ received a Pell Grant of \$5,827 on her behalf.

Student #36 stated that she received scholarships from colleges in the United States, and not the seminary, but could not identify any such scholarships, or offer any explanation as to how these

colleges worked with the seminary. She could not identify MJI, nor did she recall completing any paperwork to attend it, or otherwise have any interaction with it.

On January 14, 2016, the OIG spoke with Student #37 who ostensibly was an MJI student in 2011-2012. Student #37 stated that she graduated from high school in Atlanta, GA in 2011 and then attended a seminary in Israel for one year called Nachlas Bais Yaakov. Student #37 added that her father paid cash for her overseas education, even though MJI received a Pell Grant of \$5,300 on her behalf.

While at Nachlas, Student #37 stated that she completed paperwork from Michigan Torah Institute (MTI) so that her credits would transfer upon her return to the United States. She stated that she learned about MTI while at the seminary. She also said that she did a very small amount of school work each month that came from MTI and consisted of completing worksheets on the same subject matter for which she was studying at the seminary. It was "all very easy," and involved "very little work." All of it addressed Judaic Studies. She believed that the monthly "packets" from MTI were sent to the seminary by email, but she never studied anything online, nor used a computer. Although she never met anyone from MTI, her transcript states that she "earned" six credits through correspondence courses delivered by MJI, along with 18 credits earned directly from the seminary. She affirmed that she used MTI solely so she could later potentially transfer her seminary credits upon returning to the United States.

It is unsurprising that these students did not know that they were represented to be MJI students, because they were not regular students of MJI. They did not take classes overseas for the purpose of obtaining a MJI degree. Instead, MJI enrolled them on paper so it could improperly receive Pell Grants in their names.

II. MJI FAILED TO EXERCISE ADEQUATE STANDARDS OF ADMINISTRATIVE CAPABILITY

"To begin and to *continue* to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established" by the Department. 34 C.F.R. § 668.16 (*emphasis added*). These standards include such things as administering the Title IV programs with adequate checks and balances, 34 C.F.R. § 668.16(c), establishing and maintaining required records, 34 C.F.R. § 668.16(d)(1), and "not otherwise appear[ing] to lack the ability to administer the Title IV, HEA programs competently." 34 C.F.R. § 668.16(n). Through its failure to consistently maintain a system of accurate and reviewable student records, MJI did not assure the Department that it possessed, at all times, the requisite degree of administrative capability.

In particular, in an email communication to MJI personnel, including you, on December 18, 2012, Moshe Klein, President & CEO of Moshe Klein & Associates, Ltd., stated that "all associates confirm that *"thousands* of student records ... contain inaccurate, duplicate or

misleading information” (*emphasis added*). Mr. Klein was, or acted as, an officer of MJJ. Other email communications highlight the nature of these deficiencies.

For example, in another email message, dated December 18, 2012, from Mr. Klein to a number of MJJ officials, including you, Mr. Klein noted that MJJ’s “registrar state[d] that *hundreds* of files contain inaccurate and misleading data. Grades and transcript information for students cannot be verified as accurate. ... [It is] impossible to prepare program plans for thousands of students due to an almost complete lack of confidence in the integrity of our records relevant to students classes, transcripts, grades, etc. Academic team members cannot provide up to date and reliable information about student attendance even as we begin to wrap up our Fall semester and to prepare for Winter” (*emphasis added*).

Although MJJ announced that it would attempt to “manually verify the data,” given the scope and magnitude of its recordkeeping shortcomings, such an effort at re-creating student files, and essential student information, was bound to be inadequate. Again, Mr. Klein admitted that MJJ’s approach was “not a perfect system, but ... it’s the best that we can do given the time and resource limits that we are faced with.”

Most important, MJJ cannot, as represented in these emails, simply choose when it will satisfy the Department’s requirements concerning administrative capability, and when it was admitted that MJJ maintained “thousands” of inaccurate student records, it was conceded that MJJ violated those standards. The Department will not recertify an institution whose past practices demonstrate such wholesale noncompliance with essential recordkeeping practices.

Consistent with the above, the Department’s evidence demonstrates that at least 87 MJJ students continue to have multiple and conflicting transcripts in their student files. Each of these students has a transcript that lists their program of study as “Judaic Studies-General Judaic Studies,” while a competing transcript identifies the program of study as “Computer Information Systems” or “Associates Business Information Systems” at the identical time. While the Department does not know if there could be a more nefarious purpose behind this duo system of records such as convincing ACICS that MJJ’s students were enrolled in computer-related programs, the reality is that they prove that MJJ is unable to maintain consistent student records required to satisfy the Department’s standards of administrative capability. (*See Attachment F*).

III. MJJ PROVIDED FALSE INFORMATION TO ITS ACCREDITING AGENCY

As previously discussed, MJJ executed a PPA with the Department, effective May 13, 2009, to be eligible to participate in the Title IV, HEA programs. A congressionally-mandated condition precedent for an institution to receive Title IV eligibility is that it must be accredited by a nationally recognized accrediting agency. 20 U.S.C. § 1001(a)(5); 34 C.F.R. § 600.4(a)(5)(i). MJJ is currently, and always has been, accredited by ACICS.

Not surprisingly, the Department expects an institution to present truthful information to its accrediting agency because the Department relies upon an accrediting agency's determination of proper accreditation before bestowing upon an institution eligibility to receive Title IV funds. If an institution receives its accreditation, at least in part, through the provision of false information to its accreditor, it has likewise obtained its Title IV eligibility from the Department through the presentment of such false information.

Also, "[i]f the Secretary determines that an eligible institution has engaged in substantial misrepresentation, the Secretary may ... [d]eny participation applications made on behalf of the institution..." 34 C.F.R. § 668.71(a)(3). A substantial misrepresentation is defined as "any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment," whereas a misrepresentation consists of "any false, erroneous or misleading statement an eligible institution, [or] one of its representatives... makes directly or indirectly to a student, prospective student or any member of the public, or to an *accrediting agency*, to a State agency, or to the Secretary." A misleading statement "includes any statement that has the likelihood or tendency to deceive," and a "statement is any communication made in writing, visually, orally, or through other means." 34 C.F.R. § 668.71(c) (*emphasis added*).

The Department has determined that MJJ provided false information to its accreditor. The Department reviewed all 248 students for whom MJJ received a Pell Grant for the 2009-2010 award year. Every one of them was only enrolled at MJJ, to the extent that they were enrolled at all, during the 2009-2010 award year. In each case, the enrollment was coextensive with the Pell Grant and did not go beyond the Pell Grant award year. For all students, MJJ misrepresented to ACICS in its CAR back-up data, that the students were enrolled for a longer period of time than the 2009-2010 award year. For all but one, MJJ claimed that the students were also enrolled throughout the 2010-2011 award year and only withdrew sometime after July 1, 2011, *i.e.*, in the 2011-2012 award year. (Attachment G.) Such a remarkably high proclivity for falsification leads the Department to believe that such misrepresentations were systemic and likely occurred in other years as well. But even assuming that, incredibly, the Department's review of the 2009-2010 award year identified the entire scope and magnitude of the falsity, the provision of untruthful information regarding almost 250 students cannot be ignored. Such a high number suggests intentional culpability.

If the Department determines that an institution has not met the fiduciary standard of conduct, *or* failed to adhere to regulatory requirements of administrative capability, *or* engaged in substantial misrepresentations, either through its failure to comply with applicable Title IV, HEA program standards and requirements, or through acts of affirmative misconduct, a denial of the institution's recertification application is warranted. *See* 34 C.F.R. § 668.13. As outlined above, the Department has determined that MJJ violated all three of these essential Title IV requirements. MJJ's recertification application is therefore denied.

Should MJJ have factual evidence to dispute the Department's findings, and demonstrate their inaccuracy, MJJ may submit that evidence via overnight mail to me at the following address:

Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/Program Compliance
830 First Street, NE (UCP-3, Room 84F2)
Washington, DC 20002-8019

If any such material is received by March 10, 2016, it will be reviewed, and MJJ will be notified if the recertification denial will be modified, rescinded, or left in place. If MJJ does not submit such material by March 10, 2016, the denial of recertification will be effective as of February 29, 2016. The Chicago School Participation Division will then contact MJJ concerning the proper procedures for closing out MJJ's Title IV, HEA program accounts.

In the event that MJJ submits an application to participate in the Title IV, HEA programs in the future, that application must address the deficiencies noted in this letter. If you have any questions about this letter, you may contact Kerry O'Brien at (303) 844-3319.

Sincerely,



Susan D. Crim
Director
Administrative Actions and Appeals Service Group

Deborah Hill, Executive Assistant, Accrediting Council for Independent Colleges and Schools,
via dhill@acics.org

Michael Beamish, Licensing Manager, Department of of Licensing and Regulatory Affairs,
via beamishm@michigan.gov

Department of Defense, via osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil

Department of Veteran Affairs, via INCOMING.VBAVACO@va.gov

Consumer Financial Protection Bureau, via CFPB_ENF_Students@cfpb.gov