

SENT VIA ELECTRONIC AND U.S. MAIL

June 27, 2019

Dr. Steven Yoho
Interim Chancellor
South University
709 Mall Boulevard
Savannah, GA 31406

Dear Dr. Yoho:

The Washington Student Achievement Council (WSAC) recently reviewed South University's (South) initial application for field placement authorization for Washington residents pursuing distance learning programs. The application was submitted following a recent change of the university's ownership, consistent with Washington State requirements.

After a careful review of the initial and supplementary materials submitted in support of South's application for authorization, the application is denied for the following reasons:

1. South's application fails to contain true and accurate information.

South's application indicates that the institution is a subsidiary of Dream Center South University, LLC (Dream Center South) and that both entities are managed by an identical five-member board of managers. Exhibit A. However, South's Articles of Organization, which WSAC obtained from the Georgia's Secretary of State's office, indicate that management of the institution is vested in its sole member, Dream Center South, an Arizona corporation. Exhibit B. Dream Center South's Articles of Organization, obtained from the Arizona Corporation Commission, indicate that it is managed by Brent Richardson, Randall Barton, and Matthew Barnett – not the five-member board South represented in its application for authorization. Exhibit C.

On June 6, 2019, WSAC informed South that the application materials submitted in support of the institution's application are inconsistent with South's Articles of Organization and asked South to explain the inconsistency. South replied that updates to the Articles of Organization are generally made during annual reports to Secretary of State offices and that South is "currently in the process" of updating this information.

Both the Georgia Secretary of State's office and the Arizona Corporation Commission indicate that limited liability companies may change an existing member or manager at any time by filing an amendment to the company's Articles of Organization. To date, there are no pending documents filed with the Georgia Secretary of State's office or the Arizona Corporation Commission that reflect an intention to amend the Articles of Organization for South or Dream Center South. Exhibits D and E.

2. The Degree-Granting Institutions Act prohibits South's managers from operating an institution in Washington State.

The Act disqualifies individuals from operating an institution if they previously operated an institution whose authorization was withdrawn due to "violation of any applicable law or regulation." WAC 250-61-090(4).

Brent Richardson, Randall Barton, and Matthew Barnett manage Dream Center Education Holdings, LLC (DCEH). Exhibit F. DCEH previously operated the Art Institute of Seattle and Argosy University Seattle – institutions whose authorization was withdrawn earlier this year after abrupt closures and myriad violations of Washington State regulations.

The former DCEH institutions managed by Richardson, Barton, and Barnett also failed to pay approximately \$16 million in Title IV stipends owed to students attending those institutions – an egregious violation of federal regulations – and instead used those funds to pay DCEH staff and payroll expenses. According to the Department of Education, these actions represent a "severe breach of the required fiduciary standard of conduct" for institutions participating in Title IV programs and demonstrate "blatant disregard of the needs of its students." Exhibit G.

3. A grant of authorization to South would be inconsistent with the purpose of the Degree-Granting Institutions Act.

The Act is intended to "ensure fair business practices and adequate quality among degree-granting institutions operating in the state of Washington and to protect citizens against substandard, fraudulent, and deceptive practices." WAC 250-61-010.

The abrupt closure of institutions previously managed by South's current managers harmed thousands of students, as well as their families and communities. In Washington State, these closures resulted in substantial financial harm and damaged the academic and economic opportunities available to Washington students and their families for many years to come. These actions represent the precise substandard, fraudulent, and deceptive practices that the Act is intended to protect against.

Based on these circumstances, South University's application for authorization to offer field placements in Washington State for specified distance education programs is hereby denied.

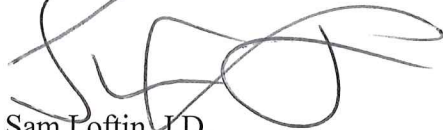
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You may appeal this decision by submitting a request for a formal administrative hearing to the executive director of the Washington Student Achievement Council. WAC 250-61-210. The appeal must be submitted no later than thirty days following receipt of this letter. If you do not request a hearing by August 2, 2019, you will have no further recourse to appeal.

Please be advised that if you do not choose to request a hearing, you may no longer enroll Washington residents in distance education programs that require field placement components. Students currently enrolled in programs requiring field placements may complete their field placement experience, but no future students may enroll in field placements in Washington State unless otherwise specified. Students enrolled in distance education programs that do not require field placements are not affected by this decision.

If you have any questions, I can be reached at (360) 753-7866.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Loftin', written over a horizontal line.

Sam Loftin, J.D.

Director of Consumer Protection

cc: Michael Meotti, Executive Director, Washington Student Achievement Council
Don Bennett, Deputy Director, Washington Student Achievement Council
Misty Blackston, Director of State Regulatory Affairs, South University
Dr. Belle Wheelan, President, Southern Association of Colleges and Schools Commission
on Colleges