

*SENT VIA ELECTRONIC AND U.S. MAIL*

January 10, 2019

Lindsey Morgan Oliger  
Campus Director  
The Art Institute of Seattle  
2323 Elliott Avenue  
Seattle, WA 98121-1642

Dear Ms. Morgan Oliger:

The Degree-Granting Institutions Act states that an institution operating in Washington State may be designated as “at-risk” of closure “based on an adverse action or other findings that indicate a heightened potential of closure or other negative impacts on students.” WAC 250-61-155. Institutions designated as at-risk may be subject to additional and/or more frequent reporting requirements, restricted from offering new programs, and required to increase security requirements. The Washington Student Achievement Council (WSAC) may also suspend or withdraw the authorization of an at-risk institution.

Dream Center Education Holdings (DCEH) is the corporate parent of the Art Institute of Seattle (AI Seattle) and recently submitted a “Substantive Change Proposal” to the Northwest Commission of Colleges and Universities (NWCCU) regarding a planned change of control for AI Seattle. In the proposal, DCEH states that it is “at risk of becoming financially insolvent and is now working with the United States Department of Education to reorganize AI Seattle and the existing Art Institute campuses to preserve their ongoing operations.”

Based on recent communications with DCEH, it is WSAC’s understanding that DCEH may soon enter into a receivership affecting AI Seattle. To date, WSAC has received no substantive information that presents a viable alternative to receivership or bankruptcy for AI Seattle. DCEH’s planned reorganization due to financial insolvency indicates a heightened potential of closure and potential negative impacts to students. Therefore, WSAC hereby designates AI Seattle an at-risk institution and requires the following information no later than January 16, 2019:

- A list of all students currently enrolled in any programs of study indicating student name, contact information, program name, number of credits completed, and number of credits remaining for program completion;
- A plan for the maintenance of student records, including transcripts, in the event AI Seattle discontinues operations;

Lindsey Morgan Olinger  
The Art Institute of Seattle  
January 10, 2019  
Page Two

- A teach-out plan for currently enrolled students in the event AI Seattle discontinues operations; and
- Any and all contracts or legal filings related to a receivership involving AI Seattle or a change of control or ownership involving AI Seattle.

Additionally, as noted previously, the corporate surety for AI Seattle's surety bond, Washington International Insurance Company, provided notice to WSAC that it has cancelled the bond, effective January 13, 2019. To date, no new surety has been provided. Based on DCEH's planned reorganization and the increased likelihood of the institution's closure, WSAC requires AI Seattle to provide a surety bond no later than January 13, 2019, in the amount of \$2,000,000.

Please be advised that WSAC may suspend AI Seattle's authorization to operate if the institution fails to satisfy the requirement to maintain an acceptable form of security. A suspension of authorization would result in the institution's inability to recruit and enroll new students, although it would be permitted to continue serving currently enrolled students for the remainder of the term, and authorization may be reinstated upon satisfaction of specified conditions.

AI Seattle's "at-risk" status may be removed upon submission of evidence that DCEH has regained financial solvency or completed a viable reorganization, acceptable to WSAC, and is not in receivership.

If you have any questions about this information, please do not hesitate to let me know.

Sincerely,



Sam Loftin, J.D.

Director of Consumer Protection

cc: Don Bennett, Deputy Director, Washington Student Achievement Council  
Laura Bach, Associate Director, State Approving Agency for Veterans' Education and Training, Washington Student Achievement Council  
Jim Parker, Consumer Protection Unit Manager, Workforce Training and Education Coordinating Board  
Dr. Mac Powell, Senior Fellow, Northwest Commission on Colleges and Universities