STATE BOARD OF COMMUNITY COLLEGES

SBPS Initial Recommendation to the SBCC re: Miller-Motte, Wilmington Investigation

School: Miller-Motte College  
5000 Market Street  
Wilmington, NC 28405

Background: On or about June 4, 2015, the Office of Proprietary Schools (“OPS”) initiated an investigation into the Wilmington campus of Miller-Motte College. After an extensive investigation, OPS recommended to allow the school to retain its proprietary license in the attached Investigative Report. The Report and the school’s written response were presented to the State Board of Proprietary Schools (“SBPS”) on Friday, August 7, 2015.

The SBPS discussed the three initial recommendation options provided in 2B SBCCC 200.4(b): (1) Initiate suspension of the proprietary school’s license to operate one or more programs; or (2) Initiate revocation of the proprietary school’s license to operate one or more programs; or (3) Take no further action.

Recommendation: Pursuant to 2B SBCCC 200.4(b)(3), the State Board of Proprietary Schools recommends to take no further action on this concluded investigation.
INVESTIGATIVE REPORT:
MILLER-MOTTE COLLEGE-WILMINGTON, NC
SUMMARY

Report Overview:

1. Copy of Documentation of Noncompliance ...........................................Page 3
2. The laws or rules allegedly violated and a detailed description of how the proprietary school allegedly violated each of the specified laws ........................................ Page 8
3. Description of investigative process ...................................................... Page 12
4. Recommendation to allow the proprietary school to retain its license to operate one or more programs with supporting rational for why suspension or revocation is not warranted .....Page 13

Investigation Overview:

1. Investigation – Approximately 40 days
2. 3 site visits to MMC-Wilmington; review of approximately 75 academic and/or graduate files
3. Former MMC-Wilmington faculty interviewed – 12+
4. Former students interviewed -76 contacted; 25 reached and interviewed
5. Additional interviews: Current School Director; Coordinators at MMC-Wilmington Externship sites

Recommendation Overview:

1. Alleged violations in Documentation of Noncompliance - 4
2. Unsubstantiated violations – 3
3. Substantiated violations that do not rise to the level of revocation – 1
4. Initial Recommendation to State Board of Community Colleges – License Retention
PART 1: COPY OF DOCUMENTATION OF NONCOMPLIANCE

On June 4, 2015, the Office of Proprietary Schools presented the following Documentation of Noncompliance to the school administrator of the Wilmington campus of Miller-Motte College:

The North Carolina State Board of Proprietary Schools submits this Documentation of Noncompliance to the North Carolina State Board of Community Colleges, pursuant to 2B SBCCC 200.2 and Article III, Chapter 150B of the North Carolina General Statutes.

Proprietary School: Miller-Motte College-Wilmington
5000 Market Street
Wilmington, NC 28405

School Administrator: Erin Easton

Pursuant to rules adopted by the North Carolina State Board of Community Colleges, a copy of this document as compiled has been presented to the following:

1. Chair of the North Carolina State Board of Proprietary Schools
2. NCCCS Executive Vice President
3. NCCCS General Counsel
4. NCCCS Director of Marketing and Public Affairs

Pursuant to rules adopted by the North Carolina State Board of Community Colleges, a copy of this document as compiled will be presented to the Chief Administrator of the proprietary school at issue within five (5) business days of documenting the noncompliance with the individuals above.

Submitted this 29th day of May, 2015

Scott Corl, Executive Director
Office of Proprietary Schools
DOCUMENTATION OF NONCOMPLIANCE OF MILLER-MOTTE COLLEGE-WILMINGTON

The North Carolina State Board of Proprietary Schools submits this Documentation of Noncompliance to the North Carolina State Board of Community Colleges, pursuant to 2B SBCCC 200.2 and Article III, Chapter 150B of the North Carolina General Statutes.

I. Receipt of Complaint/Evidence of Noncompliance and Investigation

The State Board of Proprietary Schools (“SBPS”), by and through its Executive Director of the Office of Proprietary Schools (“OPS”) shall initiate and conduct an investigation of a proprietary school subject to Article VIII, Chapter 115D of the North Carolina General Statutes for either of the following:

1. The SBCC, acting by and through the NCCCS President or the SBPS receives a written complaint alleging that a proprietary school subject to Article VIII of Chapter 115D has failed to comply with either the requirements of the law or the rules adopted by the SBCC; or

2. If the State Board of Community Colleges (“SBCC”), acting by and through the State Board of Proprietary Schools (“SBPS”), has evidence that a proprietary school subject to Article VIII, Chapter 115D of the North Carolina General Statutes has failed to comply with either the requirements of the law or the rules adopted by the SBCC.

If the SBCC, acting by and through the SBPS, has evidence that a proprietary school failed to comply with either the requirements of the law or the rules adopted by the SBCC, the SBPS shall document all of the evidence of noncompliance in a document to be titled, “Documentation of Noncompliance.”

EVIDENCE OF NONCOMPLIANCE

Proprietary School: Miller-Motte College-Wilmington (hereafter “MMC”)

1. MMC may have violated N.C.G.S. §115D-93(c)(2), by knowingly presenting to the State Board of Community Colleges false or misleading information relating to approval or license.

§ 115D-93. Suspension, revocation or refusal of license; notice and hearing; judicial review; grounds.

§115D-93(c)(2) – The applicant for or holder of such a license has knowingly presented to the State Board of Community Colleges false or misleading information relating to approval or license.

Documentation of possible violation:

The Office of Proprietary Schools, and on information and belief other state and federal agencies, received a written allegation of various fraudulent practices at the Wilmington campus of Miller-Motte College. It is specifically alleged:
The school reported false graduate placement information from 2013-2014: false placement information was put into the annual Campus Accountability Report; students were listed as “placed” despite not changing jobs after graduation or otherwise having employment verified; placement parameters were stretched to inappropriately consider students as placed in their field; and there are students listed as having medical waivers without any medical documentation.

Graduating students were required to sign “blank waivers” so that information could be entered afterward.

The Senior Director of Career Services directed staff to enter false data with the sole goal of attaining a placement rate on paper of at least 70%.

2. MMC may have violated N.C.G.S. §115D-93(c)(9), by failing to provide and maintain adequate standards of instruction.

§ 115D-93. Suspension, revocation or refusal of license; notice and hearing; judicial review; grounds.

§115D-93(c)(9) – That the licensee has failed to provide and maintain adequate standards of instruction or an adequate and qualified administrative, supervisory or teaching staff.

Documentation of possible violation:

The Office of Proprietary Schools, and on information and belief other state and federal agencies, received a written allegation of various fraudulent practices at the Wilmington campus of Miller-Motte College. It is specifically alleged:

- The school used non-existent, or inappropriate externships: there is a lack of liability insurance coverage during externships; a lack of externship site contracts; and a lack of documentation of externship site visits.
- The school permitted students to make up clinical hours in school labs or classrooms.
- Students who stopped attending classes were not dropped from the official class roster: students at risk of being dropped would be given “credit” by meeting with the dean, and emphasis was placed on not dropping students during the first few weeks of the quarter to avoid refunding student loan money.
- Students and faculty were advised not to complain to the Accrediting Counsel For Independent Colleges and Schools (“ACICS”), and Program Directors were terminated prior to an audit by ACICS to prevent disclosure of fraudulent activity.
3. MMC may have violated N.C.G.S. §115D-90(c)(7), by and through §115D-93(c)(1), by not retaining adequate records as prescribed by the State Board of Community Colleges.

§ 115D-93. Suspension, revocation or refusal of license; notice and hearing; judicial review; grounds.

§115D-93(c)(1) – That the applicant or holder of a license has violated any of the provisions of this Article or any of the rules promulgated thereunder.

§ 115D-90. License required; application for license; school bulletins; requirements for issuance of license; license restricted to courses indicated; supplementary applications.

§115D-90(c) After due investigation and consideration on the part of the State Board, acting by and through the State Board of Proprietary Schools, as provided herein, a license shall be granted to the applicant when it is shown to the satisfaction of the State Board that said applicant, school, programs of study or courses are found to have met the following criteria:

§115D-90(c)(7) Adequate records as prescribed by the State Board of Community Colleges, acting by and through the State Board of Proprietary Schools, are kept to show attendance and progress or grades and satisfactory standards relating to attendance, progress and conduct are enforced.

Documentation of possible violation:

The Office of Proprietary Schools, and on information and belief other state and federal agencies, received a written allegation of various fraudulent practices at the Wilmington campus of Miller-Motte College. It is specifically alleged:

- The school reported false graduate placement information from 2013-2014: false placement information was put into the annual Campus Accountability Report; students were listed as “placed” despite not changing jobs after graduation or otherwise having employment verified; placement parameters were stretched to inappropriately consider students as placed in their field; and there are students listed as having medical waivers without any medical documentation.
- The school permitted students to make up clinical hours in school labs or classrooms.
- Students who stopped attending classes were not dropped from the official class roster: students at risk of being dropped would be given “credit” by meeting with the dean, and emphasis was placed on not dropping students during the first few weeks of the quarter to avoid refunding student loan money.
- The Senior Director of Career Services directed staff to enter false data with the sole goal of attaining a placement rate on paper of at least 70%.
4. MMC may have violated 2A SBCCC 400.11, by failing to maintain current, complete, and accurate records.

2A SBCCC 400.11  Student Records

(a) A school licensed under G.S. 115D, Article 8, shall maintain current, complete, and accurate records to show the following:

(1) An application for admission that includes the student's educational and personal background, age, and other personal characteristics.

(2) Progress and attendance including date entered, dates attended, subjects studied, and class schedule; this record shall be in a form which permits accurate preparation of transcripts of educational records for purpose of transfer and placement, providing reports to government services or agencies, or for such other purposes as the needs of the student might require.

Documentation of possible violation:

The Office of Proprietary Schools, and on information and belief other state and federal agencies, received a written allegation of various fraudulent practices at the Wilmington campus of Miller-Motte College. It is specifically alleged:

- The school reported false graduate placement information from 2013-2014: false placement information was put into the annual Campus Accountability Report; students were listed as “placed” despite not changing jobs after graduation or otherwise having employment verified; placement parameters were stretched to inappropriately consider students as placed in their field; and there are students listed as having medical waivers without any medical documentation.
- The school permitted students to make up clinical hours in school labs or classrooms.
- Students who stopped attending classes were not dropped from the official class roster: students at risk of being dropped would be given “credit” by meeting with the dean, and emphasis was placed on not dropping students during the first few weeks of the quarter to avoid refunding student loan money.
- The Senior Director of Career Services directed staff to enter false data with the sole goal of attaining a placement rate on paper of at least 70%.

II. Request to Provide Written Response:

Pursuant to 2B SBCCC 200.2(c), it is requested that the chief administrator or other agent of the Wilmington campus of Miller-Motte College submit a written response within ten (10) business days of receiving this Notice. The response must be signed and directed to the Executive Director of the Office of Proprietary Schools on behalf of the State Board of Proprietary Schools.
PART 2: THE LAWS OR RULES THE PROPRIETARY SCHOOL ALLEGEDLY VIOLATED AND A DETAILED DESCRIPTION OF HOW THE PROPRIETARY SCHOOL ALLEGEDLY VIOLATED EACH OF THE SPECIFIED LAWS

I. UNSUBSTANTIATED VIOLATIONS INVOLVING CERTIFICATE AND DIPLOMA PROGRAMS LICENSED BY THE STATE BOARD OF COMMUNITY COLLEGES:

The following alleged violations as contained in the foregoing Documentation of Noncompliance were not substantiated by evidence collected during the investigation.

2. MMC may have violated N.C.G.S. §115D-93(c)(9), by failing to provide and maintain adequate standards of instruction.

3. MMC may have violated N.C.G.S. §115D-90(c)(7), by and through §115D-93(c)(1), by not retaining adequate records as prescribed by the State Board of Community Colleges.

4. MMC may have violated 2A SBCCC 400.11, by failing to maintain current, complete, and accurate records.

The allegations above arose from an anonymous complaint received by the Office of Proprietary Schools on or about May 22, 2015. The letter made certain specific allegations involving the Wilmington campus of Miller-Motte College including:

- The school used non-existent, or inappropriate externships: there is a lack of liability insurance coverage during externships; a lack of externship site contracts; and a lack of documentation of externship site visits.
- The school permitted students to make up clinical hours in school labs or classrooms.
- Students and faculty were advised not to complain to the Accrediting Counsel For Independent Colleges and Schools (“ACICS”), and Program Directors were terminated prior to an audit by ACICS to prevent disclosure of fraudulent activity.

The evidence obtained through the investigation did not substantiate these alleged violations. Certain programs licensed by the State Board of Community Colleges required externships, while others did not. The academic files of programs requiring an externship contained proper documentation, including a copy of the externship agreement with the partner location, and date, times and total hours completed by the student. All such students interviewed by OPS confirmed they completed externships at the hours documented in their respective student files. In addition, all coordinators at the externship locations of MMC verified that students were completing the externships as documented. Finally, no individual interviewed by OPS—former faculty or student--alleged they were advised or threatened against speaking with ACICS representatives.
II. SUBSTANTIATED VIOLATIONS INVOLVING CERTIFICATE AND DIPLOMA
PROGRAMS LICENSED BY THE STATE BOARD OF COMMUNITY COLLEGES:

The following alleged violation as contained in the foregoing Documentation of Noncompliance
was substantiated by evidence collected during the investigation.

1. MMC may have violated N.C.G.S. §115D-93(c)(2), by knowingly presenting to the State
Board of Community Colleges false or misleading information relating to approval or
license.

The allegation above arose from an anonymous complaint received by the Office of Proprietary
Schools on or about May 22, 2015. The letter made certain specific allegations involving the
Wilmington campus of Miller-Motte College including:

- The school reported false graduate placement information from 2013-2014: false
placement information was put into the annual Campus Accountability Report;
students were listed as “placed” despite not changing jobs after graduation or
otherwise having employment verified; placement parameters were stretched to
inappropriately consider students as placed in their field; and there are students
listed as having medical waivers without any medical documentation.
- Graduating students were required to sign “blank waivers” so that information
could be entered afterward.
- The Senior Director of Career Services directed staff to enter false data with the
sole goal of attaining a placement rate on paper of at least 70%.

Presentation of Information

An application for the renewal of a proprietary license must be filed in the form and manner
prescribed by the State Board of Community Colleges, acting by and through the State Board of
Proprietary Schools. All licensed proprietary schools are required to complete and submit a
license renewal application provided to them by the Office of Proprietary Schools. Schools
complete the renewal application by compiling multiple pieces of documentation under specific
numbered “tabs” and submitting the documents in a 3-ring binder to the Office of Proprietary
Schools. The renewal application includes an “Annual Report” form requesting documentation
about the prior calendar year. In addition to basic administrative information, the Annual Report
asks schools to submit specific information about enrollment and graduate placement. Schools
are required to document the number of students enrolled in programs licensed by the
Community College Board during the previous year, the number of students who graduated from
programs licensed by the Board, and the number of graduates who were placed in jobs.

Review of MMC-Wilmington Annual Reports and Academic/Placement Files

The MMC Annual Report covering the time period January 1, 2013 – December 30, 2013 lists
17 graduates from programs licensed by the State Board of Community Colleges. The 17
graduates were divided among 4 programs: CDL, Phlebotomy Technician, Network Administration & Security and Phlebotomy-ECG Technician. According to the Annual Report, all 17 graduates were placed in jobs.

- On or about June 22, 2015, OPS visited the Wilmington campus of MMC to review graduate placement files. The school produced a total of four (4) placement files regarding graduates for the reported period. According to the Director, the school did not maintain graduate placement files for students in all programs licensed by the State Board of Community Colleges.
  - One student file contained a waiver for pregnancy with supporting documentation. OPS made unsuccessful attempts to contact this student.
  - Two (2) student files contained placement documentation. OPS made unsuccessful attempts to contact these students.
  - The file of the fourth student indicated she was continuing her education in a degree program. This student confirmed to OPS that she was currently enrolled in a degree program at the school.
- OPS inquired whether the academic files of the other 13 students (those in programs where no placement file was maintained) contained documentation of employment. According the Director, no documentation was available to review.
  - OPS attempted to contact all 13 students to verify placement. OPS was able to speak with three (3) students. All three denied being placed in jobs related to their respective field of study.
- The school Director advised OPS that four (4) additional students should have been included as graduates in the 2013 Annual Report. The Director advised that two students were placed in jobs and two were not.
  - OPS attempted to contact all four students. OPS successfully reached one of the students who was listed as placed. This student denied that he was placed in a job related to his specific field of study.

The MMC Annual Report covering the time period January 1, 2014 – December 30, 2014 lists 55 graduates from programs licensed by the State Board of Community Colleges. According to the Annual Report, 39 graduates were placed in jobs.

- On or about June 22, 2015, OPS visited the Wilmington campus of MMC to review graduate placement files. The school produced a total of twenty-one (21) placement files regarding graduates for the reported period. According to the Director, the school did not maintain graduate placement files for students in all programs licensed by the State Board of Community Colleges.
  - 10 student files indicated that the respective student was not placed. OPS attempted to contact all 10 students. OPS was able to speak with 2 students: both
students had positive things to say about the school and reported that they were employed in jobs related to their field of instruction at MMC.

- 4 student files indicated the respective students were placed in jobs. OPS attempted to contact all 4 students to verify placement. OPS was able to speak with 3 students: two students confirmed placement to OPS; one student confirmed he was employed upon graduation, but denied the job was related to his field of study at MMC.

- 4 student files indicated the respective student continued their education. OPS attempted to contact all 4 students to verify placement. OPS was able to speak with 2 students: One student reported that he did not continue his education—rather, he was placed in a job related to his field upon graduation but terminated his employment due to the commute; the second student stated that she enrolled in, but did not start, a degree program at the school—this student stated that she has been unable to locate a job related to her field of instruction.

- 1 student was listed as self-employed. This student confirmed to OPS that she was self-employed.

- 1 student file contained documentation that the student declined assistance from MMC’s placement office because she was pregnant. OPS made unsuccessful attempts to contact this student.

- 1 student file contained waiver documentation that the student was leaving for military service. OPS made unsuccessful attempts to contact this student.

- OPS inquired whether the academic files of the other 34 students (those in programs where no placement file was maintained) contained documentation of employment. According the Director, no documentation was available to review.

- The school produced a total of 35 student files (rather than 34). OPS attempted to contact all 35 students to verify placement. OPS was able to speak with twelve (12) students; one student reported that he was continuing his education for his current job, nine students confirmed they were employed in jobs related to their field of study at MMC, and two students denied they were placed in jobs upon graduating from MMC.

**Allegations Made By Former MMC-Wilmington Employees**

OPS interviewed at least four former MMC employees who worked in the Career Services Department of the Wilmington campus during the time period referenced in this report. All described there was a “by-the-book” method of employment verification in which employers were contacted to confirm graduate placement. All alleged that there were times during 2013-2014 when this method was not followed. Specifically, the former employees alleged they were purposely directed to make certain “placements” or “waivers” that they believed to be inaccurate and/or unsupported by any type of documentation. At least two individuals alleged they were given a 70% graduation placement mandate. Finally, all confirmed that it was the common
practice of MMC during their employment to have students sign certain “placement” and “waiver” forms in advance of graduation

Conclusion

The graduate placement figures on the 2013 and 2014 Annual Reports submitted by the Wilmington campus of Miller-Motte College to the State Board of Community Colleges are not accurate. This conclusion is based on a review of the documentation provided by the school and interviews conducted with MMC students. Combined with the statements and allegations of former MMC faculty, the evidence suggests that it is more probable than not, that the Wilmington campus of Miller-Motte College knowingly presented false or misleading information to the State Board of Community Colleges. This is true regardless of whether the information was also intended for ACICS purposes.

PART 3: DESCRIPTION OF INVESTIGATIVE PROCESS

I. INITIATION OF INVESTIGATION:

On or about May 22, 2015, the Office of Proprietary Schools received an anonymous letter involving the Wilmington campus of Miller-Motte College. The letter made certain specific allegations including:

- The school reported false graduate placement information from 2013-2014: false placement information was put into the annual Campus Accountability Report; students were listed as “placed” despite not changing jobs after graduation or otherwise having employment verified; placement parameters were stretched to inappropriately consider students as placed in their field; and there are students listed as having medical waivers without any medical documentation.
- Graduating students were required to sign “blank waivers” so that information could be entered afterward.
- The Senior Director of Career Services directed staff to enter false data with the sole goal of attaining a placement rate on paper of at least 70%.
- The school used non-existent, or inappropriate externships: there is a lack of liability insurance coverage during externships; a lack of externship site contracts; and a lack of documentation of externship site visits.
- The school permitted students to make up clinical hours in school labs or classrooms.
- Students who stopped attending classes were not dropped from the official class roster: students at risk of being dropped would be given “credit” by meeting with the dean, and emphasis was placed on not dropping students during the first few weeks of the quarter to avoid refunding student loan money.
Students and faculty were advised not to complain to the Accrediting Counsel For Independent Colleges and Schools ("ACICS"), and Program Directors were terminated prior to an audit by ACICS to prevent disclosure of fraudulent activity.

Following consultation with the General Counsel for the North Carolina Community College System, the Office of Proprietary Schools initiated an investigation into the Wilmington campus of Miller-Motte College pursuant to 2B SBCCC 200.2. The foregoing Document of Noncompliance was presented to the school’s Director on June 4, 2015.

During the investigation, the Office of Proprietary Schools conducted three site visits to MMC; reviewed 21 graduate and academic files from the January 1 – December 31, 2013 reporting period; reviewed 56 graduate and academic files from the January 1 –December 31, 2014 reporting period; initiated contact with all 2013 MMC graduates (programs licensed by the Community College Board)—reaching and interviewing 5 students; initiated contact with all 2014 MMC graduates—reaching and interviewing 20 students; contacted and interviewed placement coordinators at MMC externship locations; and contacted and interviewed at least 12 former MMC employees, as well as the current school Director.

PART 4: RECOMMENDATION TO ALLOW THE PROPRIETARY SCHOOL TO RETAIN ITS LICENSE TO OPERATE ONE OR MORE PROGRAMS WITH A SUPPORTING RATIONALE FOR WHY REVOCATION OR SUSPENSION IS NOT WARRANTED:

The State Board of Proprietary Schools should not initiate suspension or revocation at this time for the following reasons:

1. **Prior history of compliance:**

Miller-Motte College has provided vocational training in the Wilmington area for decades. This training has provided countless employment opportunities for its graduates. To the knowledge of the Executive Director of Proprietary Schools, the school has remained in good standing over that time regarding the status of its license and compliance with statutory and administrative rules governing proprietary schools in North Carolina. Prior to the anonymous letter, the Office of Proprietary Schools (established in 2012) had not received a written student complaint against the school.

2. **Actions of school since receiving the Document of Noncompliance:**

As required by the rules adopted by the State Board of Community Colleges, the Document of Noncompliance requested a written response from the school within ten (10) business days. The school provided a response addressing each specific allegation. The school’s written response is attached hereto. During the investigation process, OPS conducted three site visits to the Wilmington campus of Miller-Motte College. The school Director made herself available throughout each visit to answer questions and provide additional information and/or
documentation. When requested information could not be located, the Director followed up via email after locating it.

3. **Unsubstantiated allegations as they specifically relate to programs licensed by the State Board of Community Colleges:**

The information and allegations contained in the anonymous letter are serious and concerning. The investigative process in 2B SBCCC 200.1, however, is specifically limited to programs licensed by the State Board of Community Colleges. As related to certificate and diploma programs, evidence collected during investigation did not substantiate 3 of 4 allegations in the Document of Noncompliance.

4. **Ability of school to take corrective action regarding substantiated allegation:**

The school can take corrective measures to ensure accurate recording and reporting of placement information, including but not limited to: submitting revised 2013 and 2014 Annual Reports to the Office of Proprietary Schools; and recording verifiable placement information in the files of all students graduating from programs licensed by the Community College Board and making them accessible for review by the Office of Proprietary Schools.

5. **Ability to take future action based on new information:**

The recommendation to allow the school to retain its license is based exclusively on the evidence collected and known at this time. The anonymous letter referenced herein was addressed to numerous other regulatory agencies including the Accrediting Counsel For Independent Colleges and Schools (ACICS), North Carolina Board of Governors and the US Department of Education. It is likely that some or all have initiated independent investigations.

Should the Wilmington campus of Miller-Motte College fail to take appropriate corrective action to ensure accurate reporting of graduate information—or should new evidence emerge that the inaccurate graduate placement reporting was part of a purposeful, systematic scheme among any or all other North Carolina campuses of Miller-Motte College—the State Board of Community Colleges, by and through the State Board of Proprietary Schools, can initiate license suspension or revocation after proper investigation and due process.

Respectfully submitted this 7th day of August, 2015,

Scott Corl  
Executive Director  
Office of Proprietary Schools