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July 22, 2022

Mr. Ajit Ghanekar
Chief Operations Officer
American Business and Technology University
620 Francis Street, Suites 226 and 218
St. Joseph, MO 64501

Dear Mr. Ghanekar:

The Distance Education Accrediting Commission (the Commission) met on June 22, 2022 and considered its January 2021 decision to defer action on an application for renewal of accreditation submitted by American Business and Technology University (ABTU) and its January 2022 request for additional information relative to the approval of a Change in Legal Status, Control of Ownership.¹ In addition, the Commission considered post-closing documentation submitted by ABTU after the institution was acquired by Global Solution Ventures (GSV) on May 23, 2022. Lastly, the Commission considered a March 29, 2022 virtual evaluation report that assessed the institution's change of location to 620 Francis Street, St. Joseph, MO and the June 10, 2022 institutional response to that report.

For the reasons detailed below, the Commission determined that the information provided by ABTU during the course of an eighteen-month deferral period has not demonstrated that the institution is in compliance with DEAC standards. Additionally, post-closing materials submitted by ABTU do not show that GSV's control of the institution has improved ABTU's financial stability or operating capacity as had been forecasted in the institution's *Application for a Change in Legal Status, Control of Ownership* approved by the Commission at the January 2022 meeting. Therefore, the Commission voted to direct ABTU to show cause why its accreditation should not be withdrawn. ABTU will undergo an on-site evaluation in the fall of 2022 for further review of the change of ownership and the institution's operations at its new location. The evaluation will also include a Title IV review. ABTU must address the issues of concern identified within this letter as part of that process. ABTU is not permitted to pursue substantive changes as long as the Show Cause directive remains in place. The Commission will consider the response to the Show Cause directive and results of the on-site evaluation at its January 2023 meeting.

The reasons for the Commission's decision, the pertinent standards of accreditation, and the actions required of the institution are set forth below.

¹ See Commission letters dated February 26, 2021 and January 28, 2022.

ABTU informed DEAC in December 2021 of its plan to change ownership in early February 2022 and indicated that the change would have the effect of materially improving the financial position of the institution through the financial commitment of the new owner. The Commission considered this plan at its January 2022 meeting, approved the change of ownership in order to permit its implementation by ABTU, and requested additional information for review at the June 2022 meeting.

By letter dated April 26, 2022, DEAC notified ABTU of its concern that the change of ownership planned for February, 2022 had not taken place and renewed its earlier request for information relating to ABTU's financial position required for ABTU to demonstrate compliance with DEAC's financial standards.² ABTU's legal counsel responded to the April 26, 2022 letter on May 5, 2022 indicating the closing date had been set for May 18, 2022.

DEAC was informed on May 24, 2022 via email that the acquisition of ABTU by GSV was finalized on May 23, 2022. DEAC acknowledged receipt of the notification and once again reminded ABTU of the Commission's requirements set forth in the February 28, 2022 deferral letter.³

ABTU's post-closing documentation and response to the Commission's February 28, 2022 deferral letter were inadequate to establish compliance with accreditation standards. The response to the deferral letter consisted of various exhibits that did not establish a clear record of ABTU's compliance with DEAC standards following the change of ownership. Furthermore, ABTU did not offer a written narrative to explain the documentation that was provided, or how the Commission's original concerns regarding ABTU's weak financial position and lack of compliance with the standards had been addressed by the GSV acquisition. The Commission expressed concern that ABTU did not demonstrate compliance with the components of Standard XI, Financial Soundness:

Standard XI.A. Financial Practices

The institution shows that it is financially responsible by providing complete, comparative financial statements covering its two most recent fiscal years and by demonstrating that it has sufficient resources to meet its financial obligations to provide quality instruction and service to its students. Financial statements are audited or reviewed and prepared in conformity with generally accepted accounting principles in the United States of America or International Financial Reporting Standards. The institution's budgeting processes demonstrate that current and future budgeted operating results are sufficient to allow the institution to accomplish its mission and goals;

² The April 26, 2022 letter also noted other documentation needed to complete the record for ABTU's *Application for Renewal of Accreditation*.

³ May 24, 2022 emails exchanged between Leah Matthews, Ron Holt, and Ajit Ghanekar.

Standard XI.B. Financial Management

Individuals overseeing the fiscal and budgeting processes are qualified by education and experience. The institution employs adequate administrative staff for effective operations, and at least one person is qualified and able to prepare accurate financial reports in a timely manner. Internal auditing trails and controls are in place to assure that finances are properly managed, monitored, and protected. Adequate safeguards prevent unauthorized access to online and on-site financial information;

Standard XI.C. Financial Stability and Sustainability

The institution maintains adequate administrative staff and other resources to operate effectively as a going concern and is not exposed to undue or insurmountable risk. Any risk that exists is adequately monitored, manageable, and insured. In the event the financial operations of the institution are supported by a parent company or a third party, audited or reviewed financial statements are provided by the supporting entity to demonstrate that the supporting entity possesses sufficient financial resources to provide the institution continued financial sustainability, as well as the commitment to do so. If the institution's financial performance is included within the parent corporation's statements, a supplemental schedule for the individual institution is appended to the parent statement;

And

Standard XI.D. Financial Reporting

Financial statements are prepared in conformity with generally accepted accounting principles in the United States of America often referred to as "GAAP," including the accrual method of accounting. An independent certified public accountant (CPA) audit or review report accompanies these statements.

1. The institution's financial statements reflect sufficient liquid assets to provide for a staff and faculty.

2. Annually, the institution has the option of submitting one of these two types of financial statements, unless the Commission directs the institution to submit audited financial statements.

- Audited comparative financial statements containing an audit opinion by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, or*

- Reviewed comparative financial statements containing a review report by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.*

3. Financial statements submitted must include the institution's fiscal statement for the two most recent fiscal years prepared on a comparative basis or a date specified by the Commission, the CPA's opinion letter or review report, and a letter of financial statement validation.

The Commission determined that ABTU is not meeting Standard XI for the following reasons:

1. ABTU did not provide an audited same-day balance sheet as of the date of sale: May 23, 2022, or evidence that such an audit was confirmed for the future. Instead, it submitted an unsigned engagement letter from HWA Alliance of CPA Firms dated June 6, 2022 indicating an intent to audit ABTU's May 23, 2022 balance sheet.
2. ABTU did not provide closing date financials for Global Solution Ventures, Inc. (GSV)
3. ABTU provided a letter of financial support from GSV for up to \$500,000 through December 31, 2025. However, GSV's support was conditioned upon GSV's satisfaction with quarterly financial statements to be provided by ABTU. The Commission did not accept the letter as demonstrating GSV's commitment to assuring ABTU can meet its educational obligations to students.
4. ABTU provided an internally prepared profit and loss statement for January 1 – May 23, 2022. The statement indicates that as of May 23, 2022 ABTU recorded \$41,938 in total income and \$664,886 in total expenses. These results represent a significant contrast in relation to the FY 2022 budget presented by ABTU which projected \$88,500 in revenue and \$53,400 in expenses through May 2022 and an overall budget of \$82,950 in revenue and \$110,700 in expenses through December 2022. ABTU did not offer any explanation for the substantial variances in the budget-to-actual presentation submitted in these documents, nor did it provide evidence to indicate that GSV is taking steps to address and strengthen the institution's financial position in view of the considerable operating losses ABTU presented in its financial documents.
5. ABTU has not provided audited or reviewed financial statements for the fiscal year ended December 31, 2021 that were due to DEAC on June 30, 2022 as required for all DEAC-accredited institutions with fiscal years ending between July 1 and December 31.

The Commission directs ABTU to provide the following in response to the show cause directive:

1. Audited same-day balance sheets as of May 23, 2022 for ABTU and GSV prepared in accordance with the requirements of Standard XI.
2. Audited financial statements for the fiscal year ended December 31, 2021, prepared on a comparative basis with the fiscal year ended December 31, 2020 for ABTU in accordance with Standard XI.
3. Audited financial statements for the most recently completed fiscal year for GSV prepared in accordance with Standard XI.
4. A letter of financial commitment from GSV that indicates that, as owner of ABTU, it will assure the institution is able to meet its financial obligations and educational obligations to students, the dollar amount of its financial commitment, and the date range for this commitment.

5. A budget-to-actual analysis of ABTU's financial performance for the remainder of the December 31, 2022 fiscal year with a detailed budget narrative that explains any variances exceeding 10%.
6. An overarching narrative that provides a detailed explanation as to how ABTU is meeting each component of Standard XI and how GSV is taking appropriate steps, as the institution's owner, to assure ABTU's compliance with Standard XI.

Standard XII.D. State Authorization

1. *The institution is properly licensed, authorized, exempted, or approved by all applicable state education institutional authorizations (or their equivalent for non-U.S. institutions).*
2. *Exemptions from state law are supported by state-issued documentation or in statutory language for that state.*

Within the February 28, 2022 deferral the Commission required documentation of ABTU's state authorization status: (1) documentation to demonstrate that the State of Alabama has provided ABTU with an exemption to state authorization, (2) an update on the status of ABTU's application to participate in the State Authorization Reciprocity Agreements (SARA), (3) a list of all active students, their state of residence, and documentation of state authorization or exemption from each relevant state, and (4) documentation on the status of state authorization from the Missouri Department of Higher Education and Workforce Development.

Based upon correspondence received from ABTU's legal counsel on May 5, 2022, the Commission understands that ABTU is planning to seek participation in SARA once a composite score determination is finalized. However, the other questions raised with respect to state authorization and compliance with Standard XII.D remain unresolved. ABTU did not provide documentation on its authorization status with Alabama, and it did not provide a list of active students and corresponding state authorization status. With respect to the application for renewal of ABTU's license from the Missouri Department of Higher Education and Workforce Development, ABTU informed the Commission that its application had been rejected because of officer listings that did not properly correspond to the officer titles allowed by the state, and ABTU had only until June 30, 2022, to make corrections to its filing. While DEAC has received notice that a corrected document has been filed with the state, the renewal of the license by the State has not been received by DEAC.

The Commission directs ABTU to provide a complete and documented response to each of the four items raised for Standard XII.D in the February 28, 2022 deferral letter and include a narrative that clearly explains how ABTU complies with Standard XII.D.

Standard X.A Owners, Governing Board Members, Officials and Administrators

The institution's owners, governing board members, officials, and administrators possess appropriate qualifications and experience for their positions and the ability to oversee institutional operations. The owners, governing board members, officials, and

administrators are knowledgeable and experienced in one or more aspects of education administration, finance, teaching/learning, and distance study. The institution's policies clearly delineate the duties and responsibilities of owners, governing board members, officials, and administrators. Individuals in leadership and managerial positions are qualified by education and experience.

The poorly organized and inadequate response to the February 28, 2022 deferral letter and incomplete financial information has raised concerns as to the administrative capacity of the institution's leadership to operate ABTU in compliance with DEAC standards for accreditation. The *Application for Change of Ownership, Legal Status and Control* did not provide sufficient information about the qualifications or experience of the current President of the institution, Ajit Ghanekar, to effectively manage an institution of higher education participating in Federal Student Aid Programs under Title IV. In fact, the application response to question 10 states that "GSV does not intend to make any immediate changes to ABTU's management team and administrative staff, nor to any of the resources of the institution and will retain its existing capacity to comply with DEAC standards." The Commission is concerned that ABTU is not under the direction and supervision of an individual with qualifications and experience that meet the DEAC standard.

In preparation for a visit to ABTU by an on-site evaluation team, the institution must provide the following:

1. A detailed narrative and documentation to demonstrate that Mr. Ajit Ghanekar has the qualifications and capacity to operate a DEAC-accredited institution and that senior administrators at ABTU are appropriately qualified for their roles.
2. The Commission is concerned that Mr. Ghanekar, senior administrators at ABTU, and GSV may not be qualified or prepared to assure ABTU's continuing compliance with its Federal Student Aid (FSA) Title IV responsibilities. Accordingly, the Commission directs ABTU to prepare DEAC's [Federal Student Assistance Self-Evaluation Report Template](#) to demonstrate its compliance with each component of Part Two, Section XIX.J., Processes and Procedures, DEAC *Accreditation Handbook*. ABTU's report will be reviewed by the on-site evaluation team.

Teach-out Plan and Agreement Requirements. The Commission is requiring ABTU to submit a teach-out plan and agreement with an accredited institution that meets all of the criteria in the DEAC *Accreditation Handbook*, Part Two: Processes and Procedures, Section XXI.B & C.

The teach-out agreement is due to DEAC by August 22, 2022.

A response to the enumerated accreditation standards identified in this letter and materials for review by the on-site evaluation team are due to DEAC by September 15, 2022.

Decision Following Show Cause Remediation Period. Upon review of the application for accreditation or reaccreditation of an institution that has previously received a show cause directive, a decision is made on the institution's compliance with the accreditation standards or requirements noted in the directive.

The Commission may:

- vacate the show cause directive and either defer a final accreditation decision or grant accreditation or reaccreditation if it is determined that such action is warranted;
- continue the show cause directive and require the submission of additional information or further reports from the institution and/or a special visit in accordance with Section X.A.; or
- deny accreditation or withdraw reaccreditation.

Status During Pendency of Show Cause Directive. An institution under a show cause directive will retain its accreditation status unless and until the Commission decides to deny or withdraw its accreditation, as applicable. Notice of the show cause directive will be published on DEAC's website and must be included by the institution in its description of its accreditation status, in accordance with the terms of Section XV.E., Processes and Procedures.

DEAC Notification Procedure. In accordance with its procedure for Notification and Information Sharing, *DEAC Accreditation Handbook*, Part Two, Processes and Procedures Section XV.E. and F., and 34 Code of Federal Regulations §602.26(b)(1), the Commission provides written notice to the U.S. Secretary of Education, the appropriate state licensing or authorizing agencies, and the appropriate accrediting organizations at the same time it notifies the institution of the decision, but no later than 30 days after the Commission makes a decision to place an institution on show cause. The Commission publishes on its website, including on its directory of institutions page, notice of the decision within one business day of its notice to the institution.

Disclosures to Students and Prospective Students. The Commission requires the institution that is subject to the Show Cause directive to disclose the action to all current and prospective students within seven business days of receipt of the written notice of the Show Cause directive. Such notice must, at minimum, meet the requirements of Section XVI.A.2., Processes and Procedures. ABTU must ensure that such disclosures regarding the accreditation status of the institution remain current.

American Business and Technology University

July 22, 2022

Page 8 of 8

Should you have any questions, please do not hesitate to contact me directly at Leah.Matthews@deac.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Leah K. Matthews". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Leah K. Matthews
Executive Director

cc: Dr. Cheryl Hayek, Chair of the Distance Education Accrediting Commission