





Accrediting Commission of Career Schools and Colleges

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July 20, 2021

**ELECTRONIC DELIVERY**

██████████  
Acting Director  
Divers Academy International  
1500 Liberty Place  
Erial, New Jersey 08081

**School #M001067**  
**Withdrawal of Accreditation**

██████████:

At its July 2021 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered its previous decision to continue Divers Academy International (“DAI”) located in Erial, New Jersey on Continued Probation with a Show Cause Order in accordance with *Section VII (L)(1), Rules of Process and Procedure, Standards of Accreditation*. Upon review of the Commission’s June 1, 2021 Continued Probation with a Show Cause Order, the Commission’s June 4, 2021 request for additional information, the United States Department of Education’s (“the Department”) June 25, 2021 termination of DAI’s eligibility to participate in all federal student aid programs, and DAI’s June 16, 2021 and July 1, 2021 responses, the Commission found that:

- DAI failed to supply the Commission with complete, truthful, and accurate information and documentation showing the school’s compliance with all accrediting standards required to maintain accreditation (*Section I (G)(1), Rules of Process and Procedure, Standards of Accreditation*) and
- DAI failed to demonstrate that all owners, members of school management, and administrative employees have past records that demonstrate a commitment to ethical, fair, and honest practice as well as compliance with accrediting standards and applicable federal, state, and local requirements (*Section I (A)(2)(b & c), Substantive Standards, Standards of Accreditation*).

Based on the foregoing, the Commission voted to withdraw DAI’s accreditation and remove the school from the list of accredited schools as set forth in this letter.

In addition, the Commission reviewed DAI’s Institutional Teach-Out Plan and Teach-out Agreement submitted with the school’s June 16, 2021 response. The Commission voted to approve the Teach-out Plan and Teach-Out Agreement with ██████████<sup>1</sup> Given the pending teach-out agreement and considering the best interests of students, the Commission determined that the effective date of the withdrawal of DAI’s accreditation will be the earliest of the following events:

- The continued approval of DAI’s teach-out plan and the completed teach out of all current students by DAI;
- The commencement of the teach-out agreement and transfer of all students from DAI to ██████████
- The cessation of instruction/closure of DAI; or
- Failure by DAI to complete the teach out of all students by the projected graduation date of November 24, 2021.<sup>2</sup>

<sup>1</sup> ██████████ ACCSC’s approval depends upon DAI’s receipt of any other necessary approvals, as applicable, from the NJ Department of Labor and Workforce Development, ██████████ and the U.S. Department of Education prior to the implementation of the teach-out agreement. Failure to obtain any necessary approvals prior to implementation of the teach-out agreement may render ACCSC’s approval null and void.

<sup>2</sup>As given in DAI’s June 16, 2021 response.

The history of the Commission’s review, the bases for the Commission’s decision to withdraw DAI’s accreditation, and information on the Commission’s appeal process are set forth below.

### **History of the Commission’s Review**

#### **August 2020**

At the August 2020 meeting, the Commission considered:

- The June 5, 2020 Notification of Incident regarding the intent to enter a guilty plea to a charge of wire fraud by DAI’s owner – [REDACTED] – submitted by DAI;
- The July 2, 2020 Commission letter providing notice of concern and potential violation of accrediting standards and opportunity for response; and
- DAI’s July 13, 2020 response.

Based upon its review and consideration of this matter, the Commission voted to issue a Probation Order with the following compliance concerns articulated in the August 31, 2020 letter:

1. Whether DAI supplied with Commission with complete, truthful, and accurate information and documentation showing the school’s compliance with all accrediting standards if the school is to maintain accreditation (*Section I (G)(1), Rules of Process and Procedure, Standards of Accreditation*). The June 5, 2020 Notice of Incident stated that DAI’s owner had agreed to plead guilty to a single count of wire fraud in violation of 18 U.S.C. § 1843 following the submission of falsified information to ACCSC.
2. Whether all owners, members of school management, and administrative employees have past records that demonstrate a commitment to ethical, fair, and honest practice as well as compliance with accrediting standards and applicable federal, state, and local requirements (*Section I (A)(2)(b & c), Substantive Standards, Standards of Accreditation*). The owner’s intent to plead guilty to a single count of wire fraud following the submission of falsified information to ACCSC brought into question the owner’s past record in these regards.

Additionally, the Commission’s August 31, 2020 Probation Order states that as “as long as [REDACTED] maintains control, ownership, or employment in a management capacity or in a position where she would participate in or oversee submissions of information to ACCSC, DAI will be out of compliance with *Section I (A)(2)(b & c), Substantive Standards, Standards of Accreditation*.” Furthermore, the Commission’s letter states that the maximum timeframe to achieve compliance began as of the August 31, 2020 letter and would end no later than July 31, 2021.<sup>3</sup> The Commission’s August 31, 2020 Probation order also advises DAI that “the Commission is not required to allow the maximum time frame to remedy noncompliance in all instances and may establish shorter time frames as deemed appropriate, including taking immediate adverse action.” The Commission also requested an ACCSC Institutional Teach-Out Plan Approval form to be submitted as part of the response.

#### **November 2020**

At the November 2020 meeting, the Commission considered DAI’s response to the Commission’s August 31, 2020 letter and voted to continue the Probation Order, noting the following:

1. The Commission remained troubled with the inability of DAI to provide specific information regarding the alleged false statements with the understanding that the US Attorney may have restricted such

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<sup>3</sup> *Section VII (M), Rules of Process and Procedures, Standards of Accreditation*

disclosures. The Commission’s November 20, 2020 letter states that, “Given that [REDACTED] has agreed to plead guilty to providing ACCSC with false information thereby preventing the Commission, as the decision-making body, from making fully informed decisions regarding the school’s eligibility to maintain accreditation, the Commission found that there is sufficient evidence demonstrating that DAI has failed to maintain compliance with *Section I (G)(1), Rules of Process and Procedure, Standards of Accreditation.*”

2. While the school noted that [REDACTED] was not currently engaged in submitting false information to ACCSC, the Commission affirmed that *Section I (A)(2)(b & c), Substantive Standards, Standards of Accreditation* speaks to the importance of an owner’s past record and that current performance “does not excuse, erase, or supplant any past bad acts nor does it vitiate the Commission’s legitimate conclusion that past performance impacts its assessment of the owner’s compliance” with the standard cited in item (1.) above. Accordingly, the Commission stated that it was relying on DAI’s commitment to finding a buyer for the school and in [REDACTED] commitment to surrender any role as a DAI manager or employee that would place DAI out of compliance with ACCSC standards.

Additionally, the Commission noted that due to the Probation Order, any change of control request would require “a clear and convincing showing that good cause exists to consider a change of control application” and that the new owner would need to demonstrate that the new ownership would “substantially resolve the issues cited” in the Probation Order. Finally, ACCSC requested a timeline and plan for the school to achieve compliance, DAI’s organization chart and a description of management roles, an ACCSC Institutional Teach-Out Plan Approval Form, and the text of any formally entered guilty plea to include documents describing the specific false statements made to ACCSC.

### **February 2021**

At the February 2021 meeting, the Commission considered DAI’s January 15, 2021 Request to Show Good Cause and Application for a Change of Control-Part I application. The Commission’s determined that DAI “made a clear and convincing showing of good cause” regarding the proposed change of control but that the Commission could not “process the application without additional evidence of conformity to and compliance with ACCSC’s standards and requirements.”

Specifically, the Commission noted that the application did not contain a sales contract showing all pertinent conditions of the transfer, including the date of sale and financial statements from the prospective owner [REDACTED]. As such, the Commission requested additional information before the application for a change of control could be approved. As of the date of this letter, DAI and [REDACTED] did not submit the requested information and thus the application has not been further processed.

### **May 2021**

At the May 2021 meeting, the Commission reviewed an April 28, 2021 press release from the United States Department of Justice – Office of the U.S. Attorney for the District of New Jersey and the Criminal Information in the U.S. District Court for the District of New Jersey which set out the facts regarding DAI’s and its owner’s admission of fraudulently obtaining funds from Department and the U.S. Department of Veterans Affairs. The April 28, 2021 press release states that the owner “reported rates of employment of the school’s graduates of between 81 to 84 percent, when the employment rates were closer to 50 and 60 percent” and that “the diving school did not have a formal advisory board and did not regularly conduct meetings” which led to the fabrication of minutes for “at least six of the nine dates listed in the school’s accreditation application.” These items indicated that DAI failed to maintain continuous compliance with respect to student achievement and Program Advisory Committee standards (*Section VII (B)(1)(a)&(b)(ii); Section II (a)(6)(a)(c)(d)&(e); Substantive Standards, Standards of Accreditation*, respectively).

Given that DAI and its owner admitted to intentionally submitting false information to ACCSC thereby violating *Section I (G)(1)(2)(a), Rules of Process and Procedure, Standards of Accreditation* and *Section I (A)(2)(b&c), Substantive Standards, Standards of Accreditation*, the Commission voted that in addition to the Probation Order, DAI must show cause as to why the school's accreditation should not be withdrawn. Moreover, the Commission requested an explanation as to how DAI is in compliance with *Section I (A)(2)(b&c), Substantive Standards, Standards of Accreditation* along with specific details regarding the status of the school's change of control/ownership, comparative disclosure of correct information against the false information given to ACCSC, the final text of the guilty plea, an updated ACCSC Institutional Teach-Out Plan Approval Form which contemplates the loss of accreditation and concordant state or federal funding, and an Institutional Teach-Out Agreement Approval form with another accredited institution.

### **June 2021**

At the June 2021 meeting, the Commission considered the Department's June 3, 2021 notification to DAI of an emergency action that "withholds funds from [DAI] and its students and withdraws the authority of [DAI] to obligate and disburse funds" under Title IV, HEA programs. The notification also states the Department's intent "to terminate the eligibility of [DAI] to participate in programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq." Additionally, the notification states that DAI filed a new application to add [REDACTED] as Chief Financial Officer and Chief Executive Officer, which as [REDACTED] has pled guilty to a crime involving the acquisition, use, or expenditure of Title IV program funds, would make the institution ineligible.

Upon review the notification, the Commission voted to request expedited information regarding DAI's Institutional Teach-Out Plan Approval Form and DAI's Institutional Teach-Out Agreement Approval Form in addition to requesting correspondence between DAI and the Department and clarification as to whether DAI would show cause to the Department as to why its eligibility should not be terminated.

### **July 2021 Commission Review and Action:**

At a July 2021 meeting, the Commission considered:

- The Commission's June 1, 2021 Show Cause Order;
- The Commission's June 4, 2021 request for additional information
- The Department's June 25, 2021 termination of DAI's eligibility to participate in all federal student aid programs, and
- DAI's June 16, 2021 and July 1, 2021 responses.

The responses indicate that:

- [REDACTED] pled guilty to submitting fraudulent information to ACCSC;
- DAI requested the Department rescind the emergency action and restore DAI's Title IV eligibility in a June 7, 2021 letter;
- The Department decided there was no basis to rescind the emergency action in a June 16, 2021 letter to DAI;
- DAI lost its eligibility to participate in the Title IV federal student financial aid program;
- DAI has a potential Teach Out of the school's students with an accredited partner ([REDACTED] and [REDACTED]) and
- DAI has a Letter of Intent for a potential sale of DAI to that same partner.

The Commission noted that the responses do not contain an Application for a Change of Control. The June 29, 2021 Letter of Intent indicates terms of an asset transaction whereby the [REDACTED] institution would acquire the assets of DAI.

The Commission considered its August 31, 2020 Probation Order which states that as “as long as [REDACTED] maintains control, ownership, or employment in a management capacity or in a position where she would participate in or oversee submissions of information to ACCSC, DAI will be out of compliance with *Section I (A)(2)(b & c), Substantive Standards, Standards of Accreditation.*” Furthermore, the Commission’s letter states that the maximum timeframe to achieve compliance began on August 31, 2020 and ends on July 31, 2021<sup>4</sup> unless the school could show good cause as to why this timeframe should be extended. The Commission’s letter also states that “the Commission is not required to allow the maximum time frame to remedy noncompliance in all instances and may establish shorter time frames as deemed appropriate, including taking immediate adverse action.” Given the findings of non-compliance cited herein, the Commission has opted to act immediately.

The Commission found that DAI failed to meet the burden to demonstrate continuous compliance with the following *Standards of Accreditation* and as such the Commission voted to withdraw DAI’s accreditation for the following grounds:

1. DAI failed to supply the Commission with complete, truthful, and accurate information and documentation showing the school’s compliance with all accrediting standards required to maintain accreditation (*Section I (G)(1), Rules of Process and Procedure, Standards of Accreditation*). The admission by DAI’s owner, and by extension, DAI, of intentionally submitting false information to ACCSC to fraudulently maintain DAI’s accreditation while failing to maintain continuous compliance with student achievement and Program Advisory Committee programs standards is an extreme offense against the standards, spirit, and process of accreditation.
2. DAI failed to demonstrate that all owners, members of school management, and administrative employees have past records that demonstrate a commitment to ethical, fair, and honest practice as well as compliance with accrediting standards and applicable federal, state, and local requirements (*Section I (A)(2)(b & c), Substantive Standards, Standards of Accreditation*). Following from the revelation detailed in item (1.) above that [REDACTED] submitted fraudulent information to ACCSC, the continued presence of [REDACTED] as owner holds that DAI is not in compliance with accrediting standards.

Upon review of the Teach-Out Plan and Teach-Out Agreement, the Commission determined that these appear to provide for the equitable treatment of students and a reasonable opportunity for students to complete their education. The Teach-Out Agreement indicates that [REDACTED] will conduct the teach-out of DAI students on-site at DAI using DAI’s faculty and facility and will issue a [REDACTED] credential to graduates upon completion. The agreement also indicates that after it is approved by all regulatory bodies holding regulatory jurisdiction over [REDACTED] and DAI, DAI will cease to provide instruction and [REDACTED] will begin to teach-out the students and ensure continuing services for the students.

Based upon the foregoing, the Commission acted to approve<sup>5</sup> the Teach-Out Plan and the Teach-Out Agreement with [REDACTED] submitted in the school’s June 16, 2021 response so long as DAI:

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<sup>4</sup> *Section VII (M), Rules of Process and Procedures, Standards of Accreditation*

<sup>5</sup> ACCSC’s approval depends upon DAI’s receipt of any other necessary approvals, as applicable, from the NJ Department of Labor and Workforce Development, [REDACTED] and the U.S. Department of Education prior to the implementation of the teach-out agreement. Failure to obtain any necessary approvals prior to implementation of the teach-out agreement may render ACCSC’s approval null and void.

1. Secures all necessary approvals from applicable state, federal, and accrediting agencies<sup>6</sup> and
2. Provides notice to students regarding the withdrawal of accreditation action, information about how to obtain a closed school loan discharge, if applicable, and information on state and federal refund policies.

Accordingly, the effective date of the Commission's withdrawal of accreditation will be the earliest of the following events, but no later than November 24, 2021:

- The continued approval of DAI's teach-out plan and the completed teach out of all current students by DAI;
- The commencement of the teach-out agreement and transfer of all students from DAI to [REDACTED]
- The cessation of training/closure of DAI; or
- Failure to complete the teach out of all students by the projected graduation date of November 24, 2021.

The extended timeframe for the effective date of the withdrawal is solely for the purposes of completing the teach-out plan of currently enrolled students. The shall remain on Probation status until the effective date of the withdrawal of accreditation action/

### **Teach-Out Plan and Teach-Out Agreement**

As indicated above, the Commission voted to approve the school's teach-out plan and the Teach-Out Agreement with [REDACTED] submitted in the school's June 16, 2021 response as a condition of the extended effective date of the Commission's decision to withdraw the school's accreditation. If any aspect of the teach-out plan or the Teach-Out Agreement changes, DAI must immediately notify ACCSC.

In accordance with *Section X (E)(3) Rules of Process and Procedure, Standards of Accreditation*, ACCSC notifies via copy of this letter the U.S. Department of Education, the appropriate State agency, and applicable accrediting agencies when the Commission approves an institutional teach-out plan or institutional teach-out agreement.

### **Appeal Process and Procedure**

DAI may opt to appeal the Commission's decision to withdraw accreditation. Details regarding the appeal procedures are outlined in *Section VIII, Rules of Process and Procedures, Standards of Accreditation*.

- If DAI elects to appeal this decision, the school must sign and return the enclosed Letter of Intent to Appeal a Commission Decision, along with the Appeal Expense Fee of \$6,000.00, **on or before July 30, 2021**.
- If DAI elects to appeal this decision, the school will remain on Probation<sup>7</sup> and must continue to fulfill all notification requirements to students in accordance with *Section VII (L)(7), Rules of Process and Procedure, Standards of Accreditation*.
- If DAI elects to appeal this decision, the school's Application for Appeal of a Commission Decision and Grounds for Appeal must be submitted **on or before August 19, 2021**.
- If DAI elects not to appeal this decision, the Commission's decision will become effective upon the occurrence of any of the effective date conditions listed in the withdrawal action.

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<sup>6</sup> As a condition of the extended effective date of the Commission decision to withdraw the school's accreditation, DAI may not enroll new students.

<sup>7</sup> *Section VIII (A)(2), Rules of Process and Procedure, Standards of Accreditation*.

- The school may submit comments **on or before July 30, 2021** in accordance with the enclosed Public Comment Disclosure Form. Comments submitted by the school will accompany any public disclosure of a final Commission action pursuant to *Section X (D)(4), Rules of Process and Procedure, Standards of Accreditation*.

### **Reapplication Process and Procedure**

DAI may opt to reapply for accreditation. In accordance with *Section VII (N)(3), Rules of Process and Procedure, Standards of Accreditation*, the school may reapply no sooner than nine months from the date on which the withdrawal of accreditation becomes effective. If the school chooses to reapply, the school will be required to complete the application process in its entirety as set forth in *Section II, Rules of Process and Procedure, Standards of Accreditation* and must demonstrate compliance with all accreditation standards.

### **Notification to Students**

Within seven days of receipt of this letter, DAI must inform current students in writing of the school's continued Probation status and the withdrawal of accreditation action with an extended effective date. DAI must also indicate where information regarding this action can be obtained from the Commission's website.

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For additional information regarding the Commission's decision, please contact me directly at [mccomis@accsc.org](mailto:mccomis@accsc.org).

Sincerely,



Michale S. McComis, Ed.D.  
Executive Director

c:



  
NJ Department of Labor & Workforce Development/School Approval Unit  


  
Acting Division Chief for the NY/Boston School Participation Division, U.S. Department of Education  




Encls: Letter of Intent to Appeal a Commission Decision  
ACCSC Standing Appeals Panel Members  
Public Comment Disclosure Form