Ad Hoc Committee Meeting

1. Call to Order

2. Discussion of Security University

3. Closed session

4. Action on Security University

Ad Hoc Committee members:

Gil Bland
Steve Haner, Chair
Henry Light
Gene Lockhart *
G. Gilmer Minor, III
William Murray
Carlyle Ramsey

* Note that this will be an electronic communication meeting. Council member, Gene Lockhart, will participate in this meeting from 227 Australian Avenue, Palm Beach, Florida.

Please call (804) 652-7744 if there is an interruption in the connection from this location.
State Council of Higher Education for Virginia
Agenda Item

Item: Ad Hoc Committee, Action on Security University

Date of Meeting: April 6, 2015

Presenters: Dr. Joseph G. DeFilippo
Director of Academic Affairs & Planning
JoeDeFilippo@schev.edu

Ms. Sylvia Rosa-Casanova
Director, Private and Out-of-State Postsecondary Education
SylviaRosaCasanova@schev.edu

Most Recent Review/Action:
☐ No previous Council review/action
☒ Previous review/action
Date: March 17, 2015
Action: Council adopted the following resolution:

BE IT RESOLVED that the Chair, pursuant to the Council bylaws, appoint an ad hoc committee to reach a final decision in the matter of Security University. The ad hoc committee shall have authority to act on behalf of Council, and shall conclude its work at a meeting to take place on or before April 9, 2015.

Background Information/Summary of Major Elements: This agenda item concludes an administrative process instituted by SCHEV with reference to “Security University” (SU), a career-technical postsecondary institution offering training in computer and network security. SCHEV staff sought revocation of SU’s certificate to operate in Virginia. The decision rendered by the hearing officer in this case recommends action short of revocation.

To inform the Ad Hoc Committee’s deliberations and action, appended here is a point by point analysis of the hearing officer’s decision. According to Council’s Bylaws, the Committee, having been appointed by the Chair, may act on behalf of Council.

Financial Impact: N/A

Timetable for Further Review/Action: N/A
Analysis:

“Security University (SU) v. State Council of Higher Education for Virginia
Findings of Fact, Conclusions Decision and Recommendation”
Submitted by David R. Smith, Hearing Officer, March 10, 2015

I. The Institution Does Not Maintain Student Records In Accordance With Virginia Regulation

8VAC 40-31-160 (E)(2)(4): The postsecondary school shall maintain records on all enrolled students. These records shall include: A transcript of the student's academic or course work at the school, which shall be retained permanently in either hard copy forms or in an electronic database with backup.

Significance: An institution’s ability to maintain student records in accordance with Virginia regulation is a fundamental obligation of all postsecondary institutions. For example, students have a right to academic transcripts even after an institution no longer exists. In fact, the Code of Virginia § 23-276.8 requires closing institutions to arrange for preservation of student records within thirty days of closure and provides two options—records must be transferred to SCHEV for safekeeping, or, with SCHEV’s approval, transferred to an institution willing to maintain the records and provide transcripts to former students upon request.

A. Synopsis of violation: Security University could not provide student transcripts that included all courses the student had taken and the final outcome for each course. The student handbook stated that student records are maintained for seven years instead of in perpetuity.

B. Hearing Officer’s Findings: Security University has not met the burden of maintaining student records in accord with the Virginia Administrative Code (p17-18, #45).1

C. SCHEV Response: SU’s inability to provide even a single transcript at the time of audit is a major violation since it provides proof that student records, even if maintained, are not in a format that conforms to Virginia regulation. Indeed, at the time of audit, SU presented SCHEV staff with invoices instead of student transcripts (p16, #45). Student financial records are separate and distinct from student academic records, and are not required to be maintained permanently. The hearing officer’s finding that SU did not meet the burden of maintaining student records in accordance with regulation is significant. While SU claims to have had 23,000 students in its years of operation, SCHEV has no indication that transcripts exist for even a small portion of these students.

II. The Institution Has Failed to Comply With Federal and Accrediting Agency Requirements

1 Page and item numbers refer to those used in hearing officer’s document.
The hearing officer does not address SU’s record of non-compliance with its accrediting agency, the Department of Veterans Affairs or the State of Connecticut Department of Higher Education—all of which provided documents that were included in the exhibits provided for the hearing.

Significance: SU’s history with three other separate agencies besides SCHEV demonstrates an extended pattern of non-compliance with a wide variety of regulations and standards of good practice. The documents submitted for the hearing provide information on the following:

- In 2006, and twice in 2009, the State of Connecticut notified Sondra Schneider that SU was training students in Connecticut without proper authorization.
- On August 2, 2013, the Department of Veteran’s Services notified SU that it was withdrawing the institution’s approval to provide certification tests to veterans because the school’s “certifying official submitted erroneous enrollment certifications which resulted in the inflation of GI Bill payouts so veterans could receive more entitlements than they would normally be entitled to receive.”
- On August 31, 2014, the Accrediting Council for Continuing Education and Training (ACCET) notified SU that its reaccreditation was denied and its accreditation was withdrawn. ACCET’s decision was based on non-compliance with twelve (12) standards of accreditation. This letter indicated the decision was not yet final.

At the time of the hearing, December 10, 2014, SU had appealed ACCET's decision; however, the final decision had not been rendered. On January 5, 2015, ACCET notified SCHEV that SU lost its appeal and the decision to deny reaccreditation was final. It is of interest to note that in its final decision, “the Appeals Panel noted a continued lack of clarity in the record relative to the status of SU as an avocational school or a vocational school, and therefore rendered a two-part decision.” The issue was that SU had been representing itself to ACCET as an avocational school, requiring a less rigorous monitoring system than if accredited as a vocational institution. However, SU had always been certified as a vocational school by SCHEV—it obviously is a vocational school. Indeed, SU would not have been eligible to train veterans or provide workforce training if its programs were actually avocational. Had the final evaluation by ACCET been available prior to the hearing, SCHEV would have cited it as further proof of SU’s history of dissimulation and non-compliance.

III. The Institution’s Refund Policy Violates Virginia Regulation (Repeat Violation)

8VAC40-31-160(N)(1-13): The school shall establish a tuition refund policy and communicate it to students.

Significance: In accord with § 23-276.3(A)(iii) of the Code of Virginia, SCHEV is responsible for ensuring protections for students pursuing postsecondary education
opportunities. The Code further grants SCHEV responsibility to determine standards for refunding tuition and fees, which are detailed in regulation. SCHEV relies on the course catalog, student handbook and website to provide accurate information to students so they may be aware of their right to a refund that meets standards dictated in regulation. If the posted refund policy is less generous to the student than regulation requires, students will not know this, as the posted policy is their only source of information on this point. Nor will students know enough to file a complaint with SCHEV if their only source of information about a school's refund policy tells them they are not entitled to a refund.

A. Synopsis of violation: In three documents provided by Security University and examined by SCHEV during the 2014 audit, only one (the student handbook) had a refund policy compliant with Virginia regulation. This was a repeat of a violation found during the 2011 audit, which violation was also not corrected when Ms. Sondra Schneider (owner and CEO of Security University) submitted a response to the findings of the 2011 audit. In a follow-up report sent to SU on April 5, 2012, the institution was notified that the item had not yet been corrected and was advised that “repeat findings in future audits might lead to adverse administrative action including suspension or revocation of the school’s certificate to operate.”

B. Hearing Officer’s Findings: The decision rendered concurs that the course catalog and staff handbook are noncompliant with Virginia regulation with regard to the student refund policy (p8, #16 & #18). However, the decision also states that the non-compliance was not “knowingly or willfully committed” (p8, #16, #18); that “none of the requests for a full refund were denied” (p8, #17); and “there have been no complaints from a student to SCHEV concerning the Security University refund policy” (p8, #17). The decision includes a statement that “the hearing officer finds credible the testimony of Ms. Schneider that the noncompliant refund policy was not a willful violation of the regulations” (p8, #18).

C. SCHEV Response:
1. Code of Virginia § 23-276.1-15 does not use the words “knowingly or willfully” in regard to institutional compliance with the law.
2. The Virginia Administrative Code 8VAC40-31 et. seq. does not use the word “willfully” in regard to institutional compliance with the regulation.
3. The Virginia Administrative Code 8VAC40-31 et. seq. uses the word “knowingly” solely in regard to the use of fraudulent credentials [8VAC40-31-20 (B)]; administrator requirement to be of good character and reputation [8VAC40-31-140 (E)(4) & (F)(4)(d)]; and student recruitment practices [8VAC40-31-160 (K)].
4. As there is no requirement in regulation or law that SCHEV must show that the non-compliance in the refund policy “was knowingly or willfully committed” (p8, #18), the hearing officer’s speculation on this point—even if it were true—has no import for the question of SU’s compliance.
5. Furthermore, the hearing officer’s speculation that SU’s non-compliance is not knowing or willful is demonstrably false.
a. SU was found in non-compliance with the refund policy regulation in 2011 and was informed of the violation in writing.
b. SU signed an attestation statement in February 8, 2012 indicating it would change its refund policy to one compliant with Virginia regulation.
c. The SCHEV follow-up report to SU dated April 5, 2012 stated that the refund policy was still incorrect.
d. SU was then found to be in non-compliance with the refund policy in two of the three documents presented for review during the audit conducted in 2014.
e. During the 2014 informal fact finding conference SU indicated it had corrected the refund policy in the catalog and handbook and that it was posted on the website in PDF form. When Dr. DeFilippo asked whether SCHEV staff would find the correct refund policy on SU’s website by following the posted links, SU asserted this was true.
f. On 12/1/2014, SCHEV staff reviewed the website and found it listed a non-compliant refund policy. Therefore, while at the time of the audit there was one document (out of three) that listed a compliant refund policy, on December 1, 2014 there were none.
g. As items (a-f) above demonstrate, SU was informed multiple times during 2011-2014 of the requirement to have a compliant refund policy. The net result of these efforts was a lower level of compliance in December 2014 than at the beginning of the period in question. SCHEV provided the appropriate wording for the compliant refund policy, in writing, multiple times. By 2014, the only way SU could have failed to know it had a non-compliant refund policy was by willfully refusing to accept what SCHEV had been telling it since 2011.

6. The purported fact—adduced by the hearing officer—that no SU students have requested a refund should neither be taken at face value, nor considered a mitigating factor in SU’s favor. SU’s posted refund policies throughout the 2011-14 period treated students less generously than required by Code and regulation. There is no way of knowing how many students would have sought a refund if a compliant policy were in place. This is why the violation is a serious one, and why the violation consists in simply having an incorrect policy. Students relying on information available from SU have been told—for years now—that they are entitled to less than what is required by law. The only way they could have known they had grounds for complaint would be by consulting regulation themselves directly, an absurd expectation for students of any age or experience.

IV. The Institution Does Not Follow Its Own Admissions Policy
8VAC40-31-160(D): The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school.

Significance: In accordance with § 23-276.3(A)(ii) of the Code of Virginia, SCHEV is responsible for ensuring that certified postsecondary institutions meet minimal academic standards. Under § 23-276.3(A)(iii) SCHEV must ensure protections for students pursuing postsecondary education opportunities. By requiring an institution to provide proof of adherence to its own admission policy, SCHEV ensures that institutions maintain the integrity of their programs by not purposefully “dumbing down” the requirement for admission simply to collect tuition. This is an especially pertinent concern given the ready availability of federally funded loans and veterans benefits. Furthermore, SCHEV protects students by ensuring that the institution does not admit students who would be doomed to fail because they do not meet minimal requirements for admission into the program.

A. Synopsis of violation: For the audit, Security University provided a student handbook, a catalog, and a staff handbook for SCHEV staff review. All three listed the same registration and admissions policies. Students are to provide:
   1. Resume
   2. Background check or a letter from employer validating the employer has performed a background check on the registered student.
   3. Evidence of Security+ Certification or 12 months professional work in information technology and relevant TCP/IP or IT security certifications certificate.

   During the audit, SCHEV staff requested to see the files that document each student’s eligibility for admission to the program he/she enrolled in as required by Virginia regulation. SCHEV staff randomly selected a group of students for review and requested the items listed above for each student. In every case, SU was unable to provide the requested documentation for the students selected for review. Instead, Ms. Schneider asserted that the stated admissions policies applied only to students wishing to enroll in the Q/ISP program and no admissions requirements were necessary to enroll in any other program. During the informal fact finding conference, Ms. Schneider first stated there were no admissions requirements, then changed her response to indicate there were varying requirements for admitted students including proof of TCP/IP background.

B. Hearing Officer’s Findings: Based on the testimony of two students and Ms. Schneider, the hearing officer ruled “Security University follows its admissions policy with regard to student admission concerning their needing to know TCP/IP as a prerequisite to being admitted into Security University” (p10, #22).

C. SCHEV Response: Irrespective of the students’ testimony that SU requires TCP/IP as a requirement for admission, it is a fact that SU did not provide the required proof of eligibility for admission for any of the students selected randomly for review. SU was asked to provide a resume, proof of a background check or evidence of 12 months professional work in information technology, and
relevant TCP/IP or IT security certifications—in other words, the minimal requirements stated in its admissions policy. Instead, at the time, Ms. Schneider explained the absence of admissions records by stating there were no admissions requirements, and proceeded to produce no documentation for any students. The hearing officer’s determination in regard to this item is therefore based on incomplete and flawed reasoning. He cites only the fact that two (2) students testified they knew TCP/IP before admission to SU, ignoring the facts (i) that SU has additional stated requirements and (ii) that SU produced no documentation of any of this at the time of audit. To this day there remains no proof that SU adheres in fact to its published admissions policy.

V. The Institution Provides Information To Students That Does Not Meet Required Standards

8VAC 40-31-150 (B): The course, program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective.

Significance: Determining whether programs meet minimal academic standards and assuring programs meet the refund policy requirement requires having a metric by which to measure the “length” of a program. Open-ended contracts are not measurable and the fairness of such contracts cannot be determined. Open-ended contracts can be a predatory practice.

8VAC 40-31-160 (K)(2): All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials. No school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.

Significance: In accordance with § 23-276.3(A)(ii, iii) of the Code of Virginia, SCHEV is responsible for ensuring protections for students pursuing postsecondary education opportunities. Providing incorrect or inaccurate information to students is considered a predatory practice insofar as it results in a recruiting advantage to a school through misrepresentation.

A. Synopsis of violation:
   a. SU advertises two years of Unlimited Security Training for $11,000.
   b. SU’s catalog, brochure, student handbook, and staff handbook contain multiple instances of information that is false, inaccurate, and/or misleading. Examples of such terms/phrases: “advance your degree,” “Graduate or Master Certificate,” “credit transfer program,” “98% pass rate,” and “no classroom needed.”

B. Hearing Officer’s Findings:
   a. In regard to “unlimited” training, the hearing officer notes: “Security University defended the practice, but based on SCHEV’s concerns, the phrase “unlimited” was removed by Security University and replaced with
stating students could take up to twenty-three (23) classes for a fixed period” (p17, #47).

b. In regard to SU’s catalog, brochure, student handbook, and staff handbook containing multiple instances of information that is false, inaccurate, and/or misleading the hearing officer concludes there is no violation of 8VAC 40-31-160 (K)(2). While consistently agreeing that SU is not a degree granting institution, (p12, #30; p14, #37 & #39) the hearing officer states SCHEV’s objection to the terms/phrases “Graduate Certificate,” “Master Certificate,” and “advance your degree” is unfounded. Specific details are as follows:

i. In regard to its brochure, SU did not have “a knowing intent to misrepresent” its programs as degrees because it uses the word “certificate” in the brochure, which is “distinguishable from offering a degree” (p12, #30).

ii. University of Richmond, Villanova University, The University of Virginia and the IBM Corporation “are appropriate examples of institutions providing postsecondary certificates similar to that which Security University provides its students” (p14, #38 & #39).

iii. The hearing officer concludes there have been no complaints from students who took courses at SU believing they would have “college type credits” (p15, #40), or were misled by other objectionable wording. (p15-16, #42 & #43).

iv. In regard to the use of the words “advance your degree,” the hearing officer concludes:

whereas the use of the terminology “advance your degree”, for example, could lead a prospective student in to believing he/she would receive a baccalaureate degree, there have been no complaints from students who took a course at Security University thinking they would have “college type credits... Furthermore, there does not appear to be any regulations (sic) preventing the use of the terminology so long as what is offered is clearly explained. (p.15, #40)

C. SCHEV Response:

a. SU’s change in wording for unlimited training is still non-compliant. As stated in the original report of audit:

Such open-ended agreements do not conform to quality, content and length of programs because they are ambiguous and cannot be quantified. Enrollment agreements must specifically detail the program name, costs, and dates of attendance so students know exactly what they are agreeing to and are obliged to pay for.

The hearing officer does not understand that this type of program offering does not meet the requirement of specificity in enrollment agreements. There is no way to determine appropriate refund policies for open-ended agreements or exactly what a student is paying for. To illustrate: how
does a student withdraw, say, halfway through a two-year agreement of unspecified content?

b. The objection to the use of the words “Graduate Certificate, “Master Certificate,” and “advance your degree” was never predicated on prospective students believing they would receive a baccalaureate degree as stated (p15, #40). The words in question are associated in higher education with post baccalaureate graduate work and SCHEV’s objection is to a non-degree school using terms associated with higher degree levels while not eligible to offer degrees or credit bearing programs at all. The issue is that Security University, by the very nature of its non-compliant name and further bolstered by deceptive wording in its advertising, will attract potential students seeking higher level instruction than it can possibly provide. This wording, therefore, does not meet the requirement that prospective students be provided with “accurate information.” The various and numerous uses of words affiliated with credit-bearing higher education by a school that is not authorized to offer degrees cannot be seen as anything other than misleading.

c. The hearing officer offers as a mitigating consideration that, while use of the words “advance your degree” could be construed by students as leading to a degree, there have been no complaints from students on this point. The regulation requires, however, only this: that the school make no statement that is false, inaccurate or misleading. To judge whether SU has complied with the regulation on the basis of student complaints defies logic; the very fact that students have been misled means they are unlikely to know that a complaint is warranted. This is why the regulation says that ‘schools must make no misleading statements,’ and not that ‘schools must make no misleading statements that students complain about.’ The latter formulation is plainly absurd, and yet it appears to be the foundation of the hearing officer’s interpretation on this point. A correct interpretation must be based on the answer to this simple question: is it misleading, or not, to claim that a student can “advance her degree” by attending SU, an unaccredited, career technical school whose offerings generate no transferable college credits at any level?

d. In regard to the ruling regarding the language “advance your degree,” the hearing officer states that “there does not appear to be any regulations (sic) preventing the use of the terminology so long as what is offered is clearly explained” (p.15, #40). The reasoning in (c) above proves that these words, as used by SU in its brochure are not accurately explained and are misleading.

e. It should also be noted that the hearing officer does not give appropriate weight to the inherent difference between accredited degree granting institutions and SU. To assert that University of Richmond, Villanova University, and the University of Virginia are “appropriate examples of institutions providing postsecondary certificates similar to that which Security University provides its students” reflects ignorance of fundamental distinctions in higher education. The former are regionally
accredited, degree-granting institutions, authorized in their respective states to award credit-bearing graduate degrees and certificates. SU is a non-degree postsecondary school that was formally accredited as an avocational school by ACCET and has now lost its accreditation altogether.

VI. Conclusion Drawn By Hearing Officer With SCHEV Responses

A. Hearing Officer Statement: “there were what appeared to be violations and it can be concluded that Security University has not fully complied with specific requirements of the regulations and has not done so even with SCHEV providing appropriate guidance since at least 2011” (p19).

SCHEV Response: This confirms the fact of SU’s non-compliance with Virginia regulation and substantiates the chronic nature of the non-compliance.

B. Hearing Officer Statement: “However, it is significant to note here that there were no actual violations, but the possibility of a violation due to the manner in which Security University has advertised itself” (p19).

SCHEV Response: The assertion that there were “no actual violations” is false. Having a non-compliant policy is the violation. As noted above, simply by virtue of SU having a non-compliant policy, students were prevented from learning that they were entitled to different (better) refund terms. It is impossible now to quantify the extent of injury suffered by students not availing themselves of refunds they might have sought had they known they were entitled to them.

C. Hearing Officer Statement: “It is also clear that the violations are based on “if” type questions that a student could be misled by Security University’s advertisements and information it provided to student(s)” (p19).

SCHEV Response: 8VAC 40-31-160 (K)(2) requires that prospective students be provided with current and accurate information that is not misleading. There is nothing in Virginia code or regulation to suggest that characterizing something as an “if type question” renders a regulatory violation acceptable.

D. Hearing Officer Statement: “Security University has clearly not developed systems of records that fully comply with the requirements of SCHEV and the cited regulations that formed the basis of SCHEV’s regulation that Security University’s certificate to continue providing educational services should be revoked. It is clear that Security University needs substantial assistance to make Security University fully in compliance with all Virginia Administrative Code requirements” (p 19).

SCHEV Response: This confirms Security University’s non-compliance with Virginia regulation and need for additional “substantial” assistance to become compliant.

E. Hearing Officer Statement: “Significant to note, however, is that even if it were concluded that Security University may have failed to comply with the requirements as stated in the March 14, 2014 audit, the hearing officer found no basis to conclude the failure to comply was committed “knowingly” but rather appears to have been based on a failure to take seriously the staff
recommendations as specified in not only the 2014 audit, but also, the 2011 audit and the 2012 follow-up audit” (p 20).

SCHEV Response: Regulation does not qualify compliance status according to whether or not an instance of non-compliance is “knowing.” Moreover, it strains credulity that after SCHEV’s three written reports (and numerous additional oral consultations) explaining regulatory requirements, SU’s persisting non-compliance can be considered “unknowing.” There is no more reason to believe that SU was ‘failing to take SCHEV seriously’ than that SU was simply ignoring SCHEV.

F. Hearing Officer Statement: “Whereas it can be concluded that Security has failed to be fully in compliance with many of the regulations listed as violations, again the record does not reflect an intentional disregard for compliance or knowingly conducting itself in a manner to violate the regulations” (p.21).

SCHEV Response: This confirms Security University’s non-compliance with Virginia regulation. As argued repeatedly above, (i) the intentionality of apparent “disregard” is not relevant to compliance status, and (ii) there is copious evidence that SU was made aware during 2011-14 of the regulations governing its status as a school certified to operate in Virginia.

G. Hearing Officer Statement: “Security University has had numerous opportunities to correct its manner of doing business in order to be in compliance with the requirements of SCHEV, but as stated above, among other things, Security University appears to lack an understanding as to how to make Security University operate in accordance with the regulations” (p.21).

SCHEV Response: This confirms SU’s ongoing non-compliance with Virginia regulation. It is not unreasonable for SCHEV (i) to expect that institutions exercise a minimal level of understanding when instructed on how to become compliant and (ii) to treat this minimal level of understanding as a pre-requisite for maintaining certification.

VII. Recommendation Submitted by Hearing Officer With SCHEV Responses

Hearing Officer Statement: It is the recommendation of the hearing officer that Security University’s Certificate to Operate not be revoked, but a lesser penalty imposed.

SCHEV Response:
A. The hearing officer’s decision includes instances of non-compliance acknowledged by the hearing officer:
   1. Institution does not maintain student records in accordance with Virginia regulation.
   2. Incorrect Refund Policy.

B. The hearing officer failed to address SU’s record of non-compliance with its accrediting agency, the Department of Veterans Affairs, and the State of Connecticut Department of Higher Education—all of which corroborate SU’s history of non-compliance with common standards of external oversight. SU’s final loss of accreditation did not take place until after the hearing. The violations
noted by the Department of Veteran’s Affairs and ACCET are significant and touch upon the very issues of student protections that are concerns for SCHEV.

C. The hearing officer’s document includes mistakes in the interpretation of regulation:

1. The terms “knowingly” or “willfully” are applied to the determination of SU’s compliance, when in fact these are not criteria of compliance. There are no grounds in law for the hearing officer to base his characterization of SU’s compliance status on either or both of these criteria.

2. The hearing officer’s speculations that SU’s instances of non-compliance have been unknowing, unwilling, or unintentional are belied by the numerous reports that have been made to SU during 2011-14 about its non-compliance and how to correct it. It makes no sense to suppose that a responsible adult is “unknowing” about something of which she has been informed in writing, multiple times, over a period of years.

3. The hearing officer’s lack of knowledge regarding basic distinctions in higher education has resulted in some flawed analyses. Terminology used by SU—such as “Graduate Certificate,” “Master Certificate,” and “advance your degree”—is associated with institutions of higher education and specifically post-baccalaureate work. The determination that programs offered by SU, a non-degree, unaccredited career training school, are accurately represented as comparable to those offered by institutions such as UVA, University of Richmond and Villanova reflects an understanding of higher education that is inadequate to the issues under consideration.
March 14, 2014

Ms. Sondra Schneider
Founder & CEO
Security University
510 Spring Street, Suite 130
Herndon, VA 20170

Certified Mail: 7013 1090 0001 8595 2852

Dear Ms. Schneider:

I write to inform you that pursuant to Title 23, Chapter 21.1, §23-276.6, of the Code of Virginia, the State Council of Higher Education for Virginia (SCHEV), will seek to revoke Security University’s Certificate to Operate on the basis of the school's failure to maintain compliance with Virginia regulation. At the audit conducted by SCHEV staff on January 30-31, 2014, Security University (SU) was found to have seven items of non-compliance and one item of concern. In accordance with 8 VAC 40-31-200(D) of the Virginia Administrative Code, following an audit, Council staff shall prepare a report with recommendations for review by the Council. The enclosed Report of Audit details the violations found and recommends revocation of the Certificate to Operate.

Pursuant to 8 VAC 40-31-220, Security University is entitled to an informal fact finding conference at a mutually convenient time within 60 days of the date of this notification. This conference will be presided over by a member of the SCHEV staff and will afford you the opportunity to present written and oral information that may have a bearing on the proposed action. You also have the right to waive an informal conference and go directly to a formal hearing. Formal hearings are conducted in accordance with § 2.2-4020 of the Code of Virginia and are presided over by a hearing officer selected from a list prepared by the Executive Secretary of the Supreme Court. In all such formal proceedings the parties are entitled to be accompanied by and represented by counsel, to submit oral and documentary evidence and rebuttal proofs, to conduct such cross-examination as may elicit a full and fair disclosure of the facts, and to have the proceedings completed and a decision made with dispatch.

Advancing Virginia Through Higher Education
Ms. Sondra Schneider  
Security University  
March 14, 2014

Please notify this office, in writing, by Friday, March 28, 2014 if you wish to schedule an informal fact finding conference or if you prefer to proceed directly to a formal hearing. Failure to provide SCHEV with a written response by the date noted above shall constitute a waiver of the school's right to such appeals and SCHEV will move to present the recommendation to revoke Security University's Certificate to Operate at the next feasible Council meeting.

If you have any questions concerning this action, please contact Ms. Sylvia Rosa-Casanova at 804-225-3399 or sylviarosacasanova@schev.edu

Sincerely,

[Signature]

Peter Blake

Enclosure

c: The Honorable Anne Holton, Secretary of Education  
Ms. Noelle Shaw-Bell, Assistant Attorney General, Education  
Dr. Joseph G. DeFilippo, Director of Academic Affairs & Planning, SCHEV  
Ms. Sylvia Rosa-Casanova, Director – POPE, SCHEV
ITEMS OF NON-COMPLIANCE

1. REFUND POLICY IN VIOLATION OF VIRGINIA REGULATION

Repeat Violation

8VAC 40-31-160(N) (1-13)

The school shall establish a tuition refund policy and communicate it to students. The school shall provide a period of at least three business days, excluding weekends and holidays, during which a student applicant may cancel his enrollment without financial obligation other than a nonrefundable fee not to exceed $100. A student applicant may cancel, by written notice, his enrollment at any time prior to the first class day of the session for which application was made. When cancellation is requested under these circumstances, the school is required to refund all tuition paid by the student, less a maximum tuition fee of 15% of the stated costs of the course or program or $100, whichever is less.

The minimum refund policy for a school that financially obligates the student for the entire amount of tuition and fees for the entirety of a program or course shall be as follows:

a. A student who enters the school but withdraws or is terminated during the first quartile (25%) of the program shall be entitled to a minimum refund amounting to 75% of the cost of the program.

b. A student who withdraws or is terminated during the second quartile (more than 25% but less than 50%) of the program shall be entitled to a minimum refund amounting to 50% of the cost of the program.

c. A student who withdraws or is terminated during the third quartile (more than 50% but less than 75%) of the program shall be entitled to a minimum refund amounting to 25% of the cost of the program.

d. A student who withdraws after completing more than three quartiles (75%) of the program shall not be entitled to a refund.

Finding:

Security University provided the following three documents as part of the audit materials requested:

- Student handbook
- Catalog
- Staff handbook
The student handbook is the only document that lists a compliant refund policy. It is SCHEV’s refund policy, verbatim as appears in the Virginia Administrative Code. It is in a different font than the rest of the student handbook.

With one small difference, noted below, the other two documents list a refund policy that:

- a. Requires 20 business days notice prior to the start of class to receive a full refund
- b. Assesses a 25% cancellation fee if the student cancels less than 10 business days before the start of a class
- c. Assesses a 50% cancellation fee if the student cancels less than 5 business days before the start of a class
- d. Assesses a 100% no show fee if the student does not attend the class at all.
- e. Provides place in a future class of the same topic without additional fees if a student must withdraw due to a medical emergency. The option of a refund is not given.
- f. Provides the student with the opportunity to “request” a refund of 25% if he or she must leave prior to attending the third day of class. “No additional dollars will be refunded if they attended 3 days or greater.” (The faculty handbook states 75% of the class fee can be "requested").

According to Virginia regulation, a student who withdraws from a program of 40 hours in length must be entitled to the following tuition refunds:

<table>
<thead>
<tr>
<th>Time attended</th>
<th>Refund Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10 hours</td>
<td>75%</td>
</tr>
<tr>
<td>10 hours but less than 20 hours</td>
<td>50%</td>
</tr>
<tr>
<td>20 hours but less than 30 hours</td>
<td>25%</td>
</tr>
<tr>
<td>30 hours or more</td>
<td>No Refund</td>
</tr>
</tbody>
</table>

Furthermore, an applicant is entitled to a full refund prior to the first day of class, minus a maximum tuition fee of 15% or $100, whichever is less. Security University’s non-compliant refund policy, however, penalizes a student applicant 50% of the tuition if he cancels less than five days prior to the start of class.

The policy listed in the catalog and faculty handbook is in violation of Virginia regulation.

This is a repeat violation. In the Report of Audit dated December 22, 2011, Security University was cited for violating 8VAC40-31-160 (N). In a follow-up report dated April 5, 2012, Security University was notified that this item had not yet been corrected and was advised that repeat findings in future audits might lead to adverse administrative action including the suspension or revocation of the school's Certificate to Operate, pursuant to 8 VAC 40-31-200. Security University’s failure to correct its refund policy after two written notifications constitutes flagrant disregard of Virginia regulation.

2. INSTITUTION DOES NOT FOLLOW ITS OWN ADMISSIONS POLICY

8VAC 40-31-160 (D)

The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school.
Finding:
For the audit, Security University provided a student handbook, a catalog, and a staff handbook for SCHEV staff review.

The student registration and admissions policies listed in each of these documents are quoted below:

- **Student handbook (page 27)**
  - All students are required to register online at the Security University website REGISTER ME tab (https://securityuniversity.net/reg.php.)
  - The student agrees to pay the Security University fees indicated and adhere to the Security University policies.
  - Provide validation of registration requirements- resume and background check or a letter from employer validating the employer has performed a background check on the registered student.
  - Effective February 11, 2011, students must provide evidence of 12 months of professional work in information technology and relevant TCP/IP or IT security certifications certificate.

- **Catalog (last page, unnumbered)**
  - School’s Registration Requirements: Evidence of Security+ Certification or 12 months professional work in information technology and relevant TCP/IP or IT security certifications you have attained.

- **Staff handbook (14th page from rear of handbook, unnumbered)**
  - All students must register online at the Security University website REGISTER ME tab (https://securityuniversity.net/reg.php.), the student agrees to pay the Security University fees indicated and adhere to the Security University policies and Provide validation of registration requirements- resume and background check or a letter from employer validating the employer has performed a background check on the registered student. Effective February 11, 2011, Security+ Certification or 12 months professional work in information technology and relevant TCP/IP or IT security certifications you have attained.

During the audit, SCHEV staff requested to see the files that document each student’s eligibility for admission to the program he/she enrolled in as per the admissions/registration requirement. The school proprietor, Ms. Sondra Schneider, did not provide these documents. Ms. Schneider implausibly asserted that the stated admissions policies are only applicable to students who wish to enroll in the Q/ISP program and there are no admissions requirements for any other programs. Since all three documents state the same policy and logic dictates that enrollment in many of the programs offered by Security University requires a level of knowledge and experience in the field for successful completion, SCHEV concludes that Security University does not follow its own stated admissions policy and is therefore in violation of Virginia regulation.

3. **INSTITUTION DOES NOT MEET STANDARDS OF TRAINING IN THE FIELD**

8VAC 40-31-150 (C)(1)

Courses of study conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which such standards have been established or conform to recognized training practices in those fields.
Finding:

Security University teaches courses billed as leading to certifications provided by external organizations. To meet recognized training practice for such programs, an institution must (a) provide training that is recognized by the certifying organization and (b) must ensure that students meet all eligibility requirements to sit for the exam once they have completed the program.

Security University fails to meet standards of training in at least eleven of its program offerings, as listed in the table below.

<table>
<thead>
<tr>
<th>Certification Name</th>
<th>Company providing certification</th>
<th>Deficiency noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWNA</td>
<td>CWNP</td>
<td>Security University is not a CWNP Authorized Learning Partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In its brochure, Security University asserts that taking a Q/WP &amp; Q/WSP Bootcamp Class is “all you need to know to pass CWNA &amp; CWSP exam.” Q/WP and Q/WSP are Security University’s own certifications and do not meet industry standards for CWNA recognized training.</td>
</tr>
<tr>
<td>CWSP</td>
<td>CWNP</td>
<td>Security University is not a CWNP Authorized Learning Partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In its brochure, Security University asserts that taking a Q/WP &amp; Q/WSP Bootcamp Class is “all you need to know to pass CWNA &amp; CWSP exam.” Q/WP and Q/WSP are Security University’s own certifications and do not meet industry standards for CWSP recognized training.</td>
</tr>
<tr>
<td>Certified Information Systems Security Professional -CISSP</td>
<td>ISC²</td>
<td>Security University is not listed as an (ISC)² Official Training Provider. A minimum of five years of direct full-time security work experience in two or more of domains of the (ISC)² CISSP CBK® is required for</td>
</tr>
<tr>
<td>Certification</td>
<td>Provider</td>
<td>Requirement</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SSCP</td>
<td>ISC²</td>
<td>Security University is not listed as an (ISC)² Official Training Provider.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For the SSCP certification, a candidate is required to have a minimum of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>one year of cumulative paid full-time work experience in one or more of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the seven domains of the SSCP CBK to sit for exam. By its own admission,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Security University does not require proof of experience for enrollment.</td>
</tr>
<tr>
<td>Certified Ethical Hacker (CEH)</td>
<td>EC Council</td>
<td>To be eligible to sit for the exam, candidate must (1) Attend official</td>
</tr>
<tr>
<td>Computer Hacking Forensic Investigation (CHFI)</td>
<td></td>
<td>training; or (2) Have at least two years of information security related</td>
</tr>
<tr>
<td>Licensed Penetration Tester (LPT)</td>
<td></td>
<td>experience. By its own admission, Security University does not require</td>
</tr>
<tr>
<td></td>
<td></td>
<td>proof of experience for enrollment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EC Council has confirmed that Security University is no longer an official</td>
</tr>
<tr>
<td></td>
<td></td>
<td>training site.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Security University calls its program “penetration tester license.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>As licensure is not through EC Council, it is unclear which organization,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>if any, provides licensure.</td>
</tr>
<tr>
<td>Certified Information Systems Auditor (CISA)</td>
<td>ISACA</td>
<td>A minimum of 5 years of professional information systems auditing, control</td>
</tr>
<tr>
<td></td>
<td></td>
<td>or security work experience (as described in the CISA job practice areas)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>is required for certification. Substitutions and waivers of such experience,</td>
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<td></td>
<td>to a maximum of 3 years, may be obtained under certain circumstances. By</td>
</tr>
<tr>
<td></td>
<td></td>
<td>its own admission, Security University does not require proof of experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>for enrollment.</td>
</tr>
<tr>
<td>Certified Information Security Manager (CISM)</td>
<td>ISACA</td>
<td>A minimum of five years of information security work experience, with a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>minimum of three years of information security management work experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td>in three or more of the job practice areas. By its own admission,</td>
</tr>
<tr>
<td>Course</td>
<td>Prerequisites</td>
<td>Notes</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cisco Certified Network Associate Wireless</td>
<td>Prerequisites: Any valid Cisco CCENT, CCNA Routing and Switching or any CCIE certification and 1-3 years experience. By its own admission, Security University does not require proof of experience for enrollment.</td>
<td>Security University is not an authorized learning partner with Cisco; however, Cisco-approved training is recommended but not required.</td>
</tr>
</tbody>
</table>

Security University does not conform to recognized training practices for the programs listed above for three reasons:

1) Security University is not recognized as a training provider by ISC², EC Council or CWNP.
2) Security University, by its own admission, does not require students to provide proof of experience in the field prior to enrolling in these programs.
3) Security University falsely claims that training for its own certifications will prepare students to pass certification exams by outside organizations that set their own certification standards.

Security University has continued to offer programs for which it is not officially recognized as a training provider by organizations that provide the certifications the programs are billed as leading toward. This practice violates 8VAC 40-31-150 (C)(1), and threatens to injure students who would be unable to sit for certification exams after attending Security University.

4. COURSE CATALOG CONTAINS FALSE, INACCURATE OR MISLEADING INFORMATION

8VAC 40-31-160 (K)(2)

All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials. No school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.

Finding:

Security University’s catalog, brochure, student handbook, and staff handbook contain multiple instances of information that is false, inaccurate, and/or misleading. The following are examples of items that violate Virginia regulation:
1. **Security University Brochure**
   a. **Claim:** “Advance your degree with Q/ISP IA CyberSecurity Graduate Certificate”
   **Violation:** Security University is a vocational school and is not authorized to operate as a degree granting institution in Virginia. As such, it cannot offer “graduate certificates”. This statement is false, inaccurate, and misleading.

   b. **Claim:** “Q/ISP Cybersecurity Graduate or Master Certificate”.
   **Violation:** This implies that Security University, a vocational school, has the authority to confer graduate certificates. This statement is false, inaccurate, and misleading.

   c. **Claim:** “No Classroom Needed”
   **Violation:** This implies that Security University has distance education classes; however, Ms. Sondra Schneider has repeatedly denied that the school provides any distance education. This statement is misleading.

   d. **Claim:** The brochure states that students who enroll in CISSP or COMPTIA Security+ courses have a 98% pass rate.
   **Violation:** Certification in CISSP or COMPTIA Security+ is granted by ISC² and COMPTIA respectively. Security University, by its own admission, does not collect data on the pass rate of students taking certification exams given by an outside company. Therefore, there is no basis on which Security University can make this claim. This statement is false, inaccurate and misleading.

   e. **Claim:** Security University bills itself as a legitimate provider of CISSP training when in fact, it is not.
   **Violation:** In small print, the brochure states “CISSP is a registered trademark of (ISC)²” and “Security University CISSP classes are not endorsed, sponsored or delivered by (ISC)².” However, Security University uses the registered, recognized and trademarked name “CISSP” throughout its brochure, catalog and student handbook. This usage amounts to a claim that Security University is an authorized training provider for CISSP. A tiny print disclaimer in a footnote is not sufficient to protect students from taking a course that will not qualify them for the certification in question.

2. **Student Handbook**
   a. **Claim:** Page 13: “That does not imply other University’s (sic) will automatically accept Security University credits or certs (sic).”
   **Violation:** Security University cannot award credits because it is not a degree granting institution. This statement is false, inaccurate and misleading.

   b. **Claim:** Pages 31-34: Course listings state the number of “credits” earned for each course.
   **Violation:** Security University cannot award credits because it is not a degree granting institution. This statement is false, inaccurate and misleading.

3. **Staff Handbook**
   a. **Claim:** Unnumbered page: “Credit Transfer Program: Our credit transfer program is a comprehensive academic review of your employees’ prior academic work to determine credit that can be applied towards degree programs. The program allows your employees to earn university credit for successful completion of courses and can significantly lessen the time and money to complete their program.”
b. **Violation:** This statement implies that Security University can award university credit. Security University is certified as a vocational-technical school and cannot award university credit. As a non-degree school, it is not competent to determine credit. This statement is false, inaccurate and misleading.

4. **Catalog, Brochure, and Student Handbook**
   a. Some programs Security University offers were created by Security University and it is stated that the “certification is maintained and granted Security University Testing LLC.” The descriptions for these programs are misleading.
      i. Security University certifications are all preceded by the word “Qualified” and are named very similarly to certifications offered by other companies such as EC Council and CWNP. This makes it very easy for potential students to confuse these programs with those offered by companies that are recognized as industry standards. Indeed, an executive from EC Council informed SCHEV, in an email, that they have “case examples where students have purchased this “Q/EH” course thinking they were purchasing the official, Government approved CEH Certification we own. Due to the nature of this organization, we have had no choice but to terminate all business dealings and affiliations.”
   ii. Security University uses misleading language to describe its own programs:
      1. “The Q/ISP certificate and related certifications provides THE only means of identifying and certifying “qualified persons.”
      2. Referring to the Q/ISP certification: “Earn the most valued set of security certification/licenses in the world”
      3. “…thousands of companies and government agencies can trust the “Qualified” trustmark (sic).”

The above are egregious examples of misrepresentations made by Security University. If intentional, these misrepresentations constitute knowing attempts to recruit students using deceptive practices. If unintentional, they are indicative of incompetence. In either case they constitute a massive collection of violations of Virginia regulation.

5. **INSTITUTION DOES NOT MAINTAIN STUDENT RECORDS IN ACCORDANCE WITH VIRGINIA REGULATION**

   8VAC 40-31-160 (E)(2)(4)
   
   The postsecondary school shall maintain records on all enrolled students. These records shall include:
   
   A transcript of the student’s academic or course work at the school, which shall be retained permanently in either hard copy forms or in an electronic database with backup.

   **Finding:**
   
   Security University could not provide student transcripts that included all courses the student had taken and the final outcome for each course. Furthermore, on page 11 of the student handbook, Security University states that student records are maintained for seven years and may be removed prior to that if the student’s “qualification expires,” which appears to be a
reference to Security University’s own certifications. A student is therefore required to continue taking courses offered by the school as a condition of Security University maintaining records of his academic work. Virginia requires that student transcripts be retained permanently, without qualification.

Security University’s policy on records maintenance is in blatant violation of Virginia regulation, and appears to be a predatory practice intended to prolong students’ enrollment with Security University.

6. INSTITUTION ADVERTISES PROGRAMS THAT DO NOT MEET STANDARDS FOR QUALITY, CONTENT AND LENGTH

8VAC 40-31-150 (B)

The course, program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective.

Finding:

Security University advertises two years of Unlimited Security Training for $11,000 (brochure) and one year of Security University classes for $11,000 (catalog). Neither of these is compliant with Virginia regulation. Such open ended agreements do not conform to quality, content and length of programs because they are ambiguous and cannot be quantified. Enrollment agreements must specifically detail the program name, costs, and dates of attendance so students know exactly what they are agreeing to and are obliged to pay for.

This practice is particularly injurious to students who enroll and do not take more than one or two classes, given Security University’s non-compliant refund policy discussed above.

7. INSTITUTION IS INTENTIONALLY AMBIGUOUS ABOUT ITS NON-DEGREE STATUS

8VAC 40-31-10 (Definitions)

"University" means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.

Finding:

The name “Security University” is inaccurate since by definition, a university offers programs beyond the baccalaureate level and Security University is a career technical school and therefore is not authorized even to offer bachelor’s level credit. SCHEV admits that it committed an error when it allowed Security University to obtain certification using “university” in its name. The fact remains that the name “Security University” is not compliant with Virginia code and regulation, and also contradicts the generally accepted meaning of the term “university.” Security University intentionally blurs the lines between what they are (a non-degree vocational school) and what their name implies (a degree granting institution). As the review of their catalog, brochure, student handbook, and staff handbook clearly shows, Security University
uses terminology that is reserved for use by degree granting institutions. This indicates a lack of regard for representing itself accurately to current and potential students.

**ITEM OF CONCERN**

**ACCREDITATION STATUS**

Security University is currently accredited by the Accrediting Council for Continuing Education and Training (ACCET) as an institution that provides avocational training. During a recent audit of Security University by ACCET, the school’s status as an avocational training provider was questioned by the accrediting agency. In a February 26, 2014 email, Ms. Schneider requested SCHEV to attest to ACCET that Security University’s programming is avocational. SCHEV responded as follows:

Security University classes are not avocational. Avocational programs are intended solely for recreation, enjoyment, personal interest, or as a hobby. SCHEV does not certify institutions that provide only avocational programs. You are required to certify because you provide vocational training meant to prepare students for jobs/careers.

As accreditation requirements for vocational training are more rigorous than those for avocational training, such misrepresentation would benefit Security University by precluding it from adhering to stricter accreditation guidelines. Security University’s representation to ACCET that it provides avocational training is deceptive.

**SCHEV AUDIT TEAM RECOMMENDATION**

Pursuant to 8VAC 40-31-200 (D), following an audit of a postsecondary institution certified to operate in Virginia, SCHEV staff shall prepare a report with recommendations.

**SUMMARY OF FINDINGS FROM THE AUDIT OF SECURITY UNIVERSITY CONDUCTED ON JANUARY 30-31, 2014**

1. The refund policy quoted in two of the three documents presented to SCHEV by Security University penalizes a student even before the class has officially begun. This is a clear violation of Virginia Administrative Code. SCHEV cited Security University for this same violation in its 2011 audit.

2. Security University does not follow its own stated admissions policy. While Security University attempted to persuade SCHEV staff that its stated admissions policy was only applicable to one program, all three documents presented to SCHEV at the time of the audit state the same admissions policy and do not limit its application to a specific program. The claim by Security University that all three documents are wrong is unconvincing.

3. Security University does not apply appropriate admissions requirements to students enrolling in courses that require experience in the field prior to sitting for certification exams. Security University’s negligence in verifying the student’s experience can result
in a student being ineligible to sit for a certification exam after paying for a course at Security University. This constitutes a breach of professional ethics.

4. Security University continues to advertise that it teaches programs that require certification by outside companies (such as EC Council, ISC² and CWNP) although it is no longer an authorized training provider for those companies. This constitutes a breach of professional ethics.

5. Security University’s catalogs, brochures, staff handbook and student handbook are riddled with falsehoods, inaccuracies and/or misleading statements. A reasonable reader’s perception of the school based solely on information provided in these documents would be far from the truth. The fact that Security University flagrantly misleads students is a violation of Virginia Administrative Code.

6. Security University’s management of student records does not meet the standards required of institutions certified to operate in the Commonwealth of Virginia. Instead of maintaining records in the format required by entities operating as postsecondary schools, Security University treats the records as “business” records, and disposes of them if students do not maintain enrollment in Security University’s programs. Student academic records must be maintained in the form of a transcript, and must not ever be destroyed or disposed. Security University’s practices in these regards violate the Virginia Administrative Code.

7. Security University’s advertised Unlimited Security Training at a cost of $11,000 is not compliant with Virginia regulation and does not conform to quality, content and length required of approved training. Enrollment in such a program will not provide students with adequate protections in the event of withdrawal. The offer of such training, neither approved nor vetted by SCHEV, is a predatory practice on the part of an institution that already unlawfully penalizes students for withdrawing from a class prior to its commencement.

8. Security University’s ambiguity about its non-degree status in its brochure, catalog and student handbook appears to be a deliberate attempt to misrepresent itself to current and potential students.

9. Security University has demonstrated a recent pattern of difficulty maintaining itself in good standing with external agencies.
   - On August 2, 2013, the Virginia Department of Veteran’s Services’ State Approving Agency for Veterans Education and Training (SAA) revoked Security University’s approval to offer training to veterans.
   - On August 22, 2013, ACCET issued an Institutional Show Cause based on three reasons: (1) the results of Security University’s review by SAA (2) the withdrawal of Security University’s approval to offer training to veterans, and (3) Security University’s offering of programs that were not approved ACCET.

While adverse actions from the accrediting agency and the Department of Veteran's Services are not in themselves violations of Virginia regulations governing postsecondary education, they are indicative of problems maintaining compliance with external standards of good practice and quality. The relevance of this inference is supported by the numerous findings detailed above in this report.
Final Recommendation

Security University is in violation of multiple provisions of 8VAC 40-31 et. seq. designed to protect students from predatory institutions. The violations identified above touch on some of the most fundamental provisions in the *Code of Virginia* and the *Virginia Administrative Code* related to minimal standards of academic quality and fair treatment of students. The number and kind of violations identified in this report document (a) a chronic pattern of misleading practices and (b) a chronic—and therefore apparently willful—inability to maintain compliance with Virginia regulation.

SCHEV staff recommends that Council revoke Security University’s *Certificate to Operate* as a postsecondary institution in the Commonwealth of Virginia.
December 5, 2014

Via E-Mail (davidrsmith@cox.net)
and UPS Delivery
David R. Smith, Esq.
3527 Laurel Leaf Lane
Fairfax, Virginia 22031

Re: Security University v. SCHEV

Dear Mr. Smith:

Enclosed please find SCHEV’s Response to Security University’s Opposition to March 14, 2014, Audit. If you have any questions or need any additional information, I can be reached at (804) 371-7965. Thank you for your time and attention to this matter.

Very truly yours,

Mike F. Melis
Assistant Attorney General

Enclosure

cc: Stephen C. Shannon, Esq. (via e-mail and UPS delivery)
SECURITY UNIVERSITY

v. 

STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA (SCHEV).

SCHEV'S RESPONSE TO SECURITY UNIVERSITY'S OPPOSITION TO MARCH 14, 2014, AUDIT

In accordance with its statutory duty under Va. Code § 23-276.3 to protect students pursuing postsecondary education opportunities, on January 30-31, 2014, SCHEV staff conducted an audit of Security University (SU), a postsecondary school operating under a SCHEV certification and subject to SCHEV regulations. Based on its audit findings, SCHEV has determined that SU is in violation of multiple regulations and, therefore, SU’s certification must be revoked. SCHEV’s 2014 Report of Audit (SCHEV Ex. 1 and attached) details multiple violations which warrant revocation. Perhaps even more alarming than SU’s failure to comply with any particular regulation cited in the report is SU’s pattern of non-compliance, over time and spanning multiple agencies. Thus revocation of SU’s certificate is necessary for the reasons set forth in the 2014 Report of Audit, particularly when viewed in combination and in the context of SU’s ongoing pattern of non-compliance. This memorandum responds to SU’s Opposition to the Audit Report and provides further explanation and amplification of the bases for revocation set forth therein.

As to SU’s pattern of non-compliance, it is demonstrated by multiple SCHEV exhibits. For example, SCHEV’s 2011 Report of Audit (SCHEV Ex. 13) documents SU’s non-compliance with regulations at that time. And again, in 2012, SCHEV noted SU’s continuing deficiencies in a 2012 Follow-Up Report of Audit (SCHEV Ex. 16). Prior to its operations in Virginia, SU received cease and desist letters from the Connecticut Department of Higher Education arising
from SU’s offering courses in Connecticut without approval and noting SU’s improper use of the term “university." Connecticut Dept. of Higher Education letters (SCHEV Ex. 19). In 2013, due to what it determined was “a pattern of willful inaccuracy” in SU’s enrollment certifications that resulted in the inflation of GI Bill payouts, the Virginia Department of Veterans Services withdrew its approval of SU to provide certification tests to veterans. COV Dept. of Veterans Services letter (SCHEV Ex. 18). Finally, SU is facing loss of its accreditation due to multiple deficiencies noted by its independent accrediting agency. ACCET letter (SCHEV Ex. 17).

I. ARGUMENT

As the original applicant for SCHEV certification, the burden of proof is on SU to establish that it is in compliance with applicable regulations. Va. Code § 2.2-4020(C). And, as the state agency charged with regulating postsecondary education, SCHEV’s interpretation of its own regulations is entitled to deference. See, e.g., Lifecare Medical Transports, Inc. v. Virginia Department of Medical Assistance Services, 63 Va. App. 538, 548, 759 S.E.2d 35, 40 (2014).

A. Violation #1: Refund Policy In Violation Of Virginia Regulation (Repeat Violation).

In accordance with Va. Code § 23-276.3, 8 VAC 40-31-160(N) requires SU to “establish a tuition refund policy and communicate it to students.” The regulation then sets forth the minimum refund policy which schools must establish and communicate. 8 VAC 40-31-160(N)(1)-(13). At the time of SCHEV’s audit, the refund policy communicated to students in SU’s Catalog (SCHEV Ex. 11) and Staff Handbook (SCHEV Ex. 10) did not comply with the minimum requirements of the applicable regulation. 2014 Report of Audit at 1-2 (SCHEV Ex. 1). And as of December 1, 2014, SU continues to communicate a non-compliant refund policy. See Excerpts (SCHEV Ex. 12).
During the May 1, 2014, informal fact finding conference (minutes 13:42 - 17:00), SU stated that it has corrected the refund policy in the Catalog and Staff Handbook and that it is posted on the website in PDF form. On December 1, 2014, SCHEV reviewed the website and found the following. The website has a link to “SU policies” which has one PDF link for the “student handbook” and another to the “catalog”. Both links lead to the May 2014 catalog. Both PDF documents list a non-compliant refund policy (different than any other the school listed in any document reviewed by SCHEV) and the website itself lists the same non-compliant refund policy. As such, while at the time of the audit there was at least one SU document that communicated a compliant refund policy - based on the website - there is now none.

SU has failed to comply with this requirement since at least its 2011 audit. 2011 Report of Audit at 1 (SCHEV Ex. 13). And in 2012, SCHEV again notified SU that it still was not in compliance with the regulation. 2012 Follow-Up Report of Audit at 5 (SCHEV Ex. 16). At that time, SCHEV advised that repeat findings in future audits could lead to adverse administrative action, including suspension or revocation of SU’s Certificate to Operate pursuant to 8 VAC 40-31-200. But, notwithstanding at least three written notifications of non-compliance since 2011, SU continues to disregard its obligation to communicate a refund policy that meets minimum requirements.

In its Opposition, SU does not assert the refund policy communicated in its Catalog and Staff Handbook did not comply with the regulation. See SU Opposition at 1. Instead, SU argues that the discrepancies in SU documents “were mere editorial oversight, not intentionally misleading, and never brought up as an issue of concern by a student.” SU Opposition at 1. But, even assuming it is true, this argument ignores the repeated and ongoing nature of SU’s violation. SU further argues that, in its fourteen years of operation, “only 8 of its approximately
23,000 enrolled students have ever requested a refund” and those students received a 100% refund. Id. This argument is problematic for at least three reasons. First, SU has provided no documentation of refunds. Indeed, during the 2014 audit, SU represented that no student has asked for a refund, but now asserts that precisely eight out of 23,000 have done so in the past fourteen years. Second, under the minimum requirements, a refund, if due to a student, need not be requested by a student in all cases. And finally, this argument ignores the fact that students may not have been aware of the opportunity for a 100% refund if SU was operating under one of its published, non-compliant refund policies.

B. Violation #2: Institution Does Not Follow Its Own Admissions Policy

Pursuant to 8 VAC 40-31-160(D):

The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school and for acceptance at the specific degree level or into all specific degree programs offered by the postsecondary school that are relevant to the school's admissions standards.

At the time of the 2014 audit, SU’s Student Handbook (SCHEV Ex. 9 at 27), Catalog (SCHEV Ex. 11 at last unnumbered page) and Staff Handbook (SCHEV Ex. 10 at 14th unnumbered page from rear) all contained admissions policies that - on their face - applied to all students intending to register for SU classes. During the audit, SCHEV asked to see student files that document students’ eligibility and SU’s application of its requirements for admission consistent with SU’s stated policies. Such documentation is necessary to establish that SU actually applies its policy as stated and that the policy, in fact, accurately defines the minimum requirements for admission. SU has yet to produce such documentation.

During the audit, SU further indicated that the stated admissions policies are only applicable to students who wish to enroll in a particular program and that there are no admissions
requirements for any other programs. In its opposition, SU asserts that two admission requirements in its policy - a resume and background check - are necessary only for certain programs, while the remaining requirements are necessary for all programs. But regardless of which of these two positions SU takes, SU’s admissions policies make no such distinctions between programs. And, absent sufficient documentation of SU’s actual application of its admissions policies, SU cannot establish that the policies accurately define the minimum requirements for admission as required by 8 VAC 40-31-160(D).

Finally, the timing of payments for enrolling students remains a concern for SCHEV. SU’s admissions policy requires students to pay up front, even before anyone at SU has assessed whether the student is qualified for admission. In its opposition, SU argues that the timing of payments should not be an issue because SU provides full refunds if requested and companies are not willing to pay for a student’s enrollment if the candidate is not qualified for admission. But SU’s argument regarding companies’ incentives does not address individuals who may pay to be enrolled without having qualifications for admission. And, SU’s requirement that payment be provided up front remains problematic given the potential confusion regarding SU’s actual refund policy referenced above.

C. Violation #3: Institution Does Not Meet Standards Of Training In The Field.

Pursuant to 8 VAC 40-31-150(D)(1), SU is required to certify that “[c]ourses of study conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which such standards have been established or conform to recognized training practices in those fields.” SU teaches courses billed as leading to certification provided by external organizations. Generally, the purpose of such courses is to prepare students for technical and/or specialized certifications. To meet the standards of training for such certifications, SU must
provide training that is recognized by the external certifying organization and must ensure that students meet all eligibility requirements to sit for the exam once they have completed SU’s program.

In the 2014 Report of Audit, SCHEV identified eleven SU programs that SU claims will lead to certification by an external organization. 2014 Report of Audit at 4-6 (SCHEV Ex. 1). But the external certifying organizations for these programs do not recognize SU as a training provider and, therefore, have not verified that the training provided by SU is sufficient to obtain their certification. Moreover, SU does not require students to provide proof of experience required by various certifying organizations for a student to sit for their exam.

In its Opposition, SU notes that the CNSS has approved certain SU courses, certifying that those courses meet a national training standard. But SCHEV understands this certification to apply only to certain courses created by SU with examinations and certifications designed, maintained and issued by SU - as opposed to courses SU designates as leading to certifications offered by external organizations. Thus, this argument does not address SU’s violation of 8 VAC 40-31-150(D)(1). The only way SCHEV can ensure that courses designated for obtaining an external certification conform to recognized training practices, is to require that SU be recognized as a training provider by the external organization.

SU also argues in its opposition that, pursuant to International Information Systems Security Certification Consortium, Inc. v. Security University, LLC, trademark law permits SU to use a certain external organization’s certification mark in SU’s advertising. SU Opposition at 3. But SU’s reliance on this case involving trademark law is misplaced. While the court may have ruled that SU did not infringe on a trademark, the court did not address whether SU violated 8
VAC 40-31-150(D)(1) by designating certain courses as leading to certification by the external organization without the organization’s recognizing SU as a provider for such training.

Finally, SU claims that SCHEV provides no authority in support of its position that SU must ensure that students meet all eligibility requirements to sit for a certifying exam once students have completed SU’s program. In doing so, SU ignores SCHEV’s general statutory and regulatory duty to protect students pursuing postsecondary education opportunities. See, e.g., Va. Code 23-276.3. SU further ignores the traditional deference afforded to an agency’s interpretation of its own regulations regarding areas of law entrusted to the agency. See, e.g., Lifecare Medical Transports, Inc., 63 Va. App. at 548, 759 S.E.2d at 40. The potential for confusion - or even abuse - is obvious in a situation such as this, where a student pays for and enrolls in a class seeking certification, only to learn upon completion that he or she is ineligible to sit for the certifying examination.

D. Violation #4: False, Inaccurate Or Misleading Information.

Pursuant to 8 VAC 40-31-160(K)(2):

All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials . . . No school, agent, or admissions personnel shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.

As identified in the 2014 Report of Audit at pages 6-8, SU’s catalog, brochure, student handbook, and staff handbook contain multiple instances of information that is false, inaccurate and/or misleading. SU’s arguments in their Opposition are addressed below:

1. “Graduate Certificate” or “Master Certificate” claims.

SU disputes that the terms “graduate” and “master” are not exclusive to degrees. It cites the use of these terms by the University of Richmond, Villanova, and IBM. But SU’s attempt to
compare its use of the terms "master" and "graduate" to the manner in which University of Richmond, Villanova, and IBM use similar terms is unconvincing because of the inherent differences between SU and these other institutions. The University of Richmond and Villanova are both accredited, degree granting institutions and authorized in their respective states to award graduate degrees and graduate certificates. Course offerings at such institutions cannot be compared to offerings by SU - a non-degree postsecondary school that was accredited as an avocational school, which means that its programs are not reviewed with the level of thoroughness required for vocational programs. Thus, statements made by SU in its brochure claiming "CyberSecurity Graduate Certificate" and "Advance your degree with Q/ISP" are misleading. As for IBM, it is a corporation that trains people to achieve certifications in its own material. It is not subject to regulation as a postsecondary school.

2. "No Classroom Needed" claim.

SU explains the term "No Classroom needed" as referring to the "online preparation before the 5 day in person class which the brochure indicates is ‘hands on training’." SU Opposition at 4. SU says it removed this language from its 2011 brochure. But, during the 2014 audit, SU’s explanation for using the term "No Classroom needed" was because an iPad loaded with the class lecture was given to the student as part of the tuition package at the end of the course to study for the exam. Regardless of the change in explanation, the term remains misleading because it implies that SU provides distance education classes when it does not. Moreover, SU’s statement that it removed this language from its 2011 brochure is incorrect because the same language was noted during the 2014 audit.
3. “98% Pass Rate” claim.

SU denies SCHEV’s finding that, despite having insufficient data to support its claim, SU advertises a 98% pass rate for certain certification exams administered by two external certifying organizations (ISC² and COMPTIA). 2014 Report of Audit at 7 (SCHEV Ex. 1); SU Opposition at 5. During the 2014 audit, SU stated that it does not collect data on the pass rate for certifying exams administered by outside organizations. But in its Opposition, SU argues that it is a proctor for an exam administered by COMPTIA and provides information regarding that pass rate, as well as the pass rate for exams SU offers and administers itself based on SU classes. For the exam administered by ISC², SU argues that it offers free courses to students who fail and, therefore, it benefits students to report failures. SU argues that its claim of a 98% pass rate is based on the results of information gathered via these means.

Notwithstanding its arguments, SU has yet to provide SCHEV with any documentation supporting its 98% pass rate claim. Moreover, that SU can readily collect information regarding its own examinations and certifications has never been at issue. It is pass rate statistics the school claims for exams that are given by other certifying agencies that are at issue. SU’s claim that students have an incentive to report their failure of an exam administered by an outside certifying organization is not sufficient to support 98% class rate claim - particularly when SU has provided no data supported by documentation as opposed to unsupported conclusions based on students’ incentives. Indeed, SCHEV understands that SU does not have actual data to support a pass rate claim for exams that are administered by an outside organization such as ISC².
4. **“Credits” awarded or transferred claim.**

   SU disagrees with SCHEV’s finding that SU’s use of the term “credit” or “university credit” as something that SU awards or can be transferred is misleading. 2014 Report of Audit at 7-8 (SCHEV Ex. 1); SU Opposition at 5. SU cannot award credits because it is not a degree granting institution. SU’s use of the term “credit” or “university credit” is misleading because a student may believe that he or she is earning the equivalent of a credit conferred by a degree granting institution and that such credits are transferrable to a degree granting institution.

   SU argues that it can use the term “credit” and awards and/or transfers credits in some situations - such as awarding Continuing Education Units (CEU) in the cyber security field and having a memorandum of understanding for the transfer of credits with Capital College, which SU claims to be a degree granting institution. But CEUs, on their face, are not credits granted by a degree granting institution. SU is free to identify CEUs that can be earned by taking a particular class - assuming the claim is accurate. As for the memorandum of understanding, it has not been produced to SCHEV.

5. **Misleading program descriptions.**

   As indicated in the 2014 Report of Audit, some programs SU offers were created by SU, but the descriptions for these programs are misleading. 2014 Report of Audit at 8 (SCHEV Ex. 1). Specifically, certifications created and awarded by Security University are all preceded by the word “Qualified” and have similar names as certifications offered by outside certifying organizations. Students can confuse SU’s programs and certifications with those offered by companies that are recognized as industry standards. SCHEV is aware of at least one organization (EC Council) that will not transact business or affiliate with SU because students have purchased and completed an SU created course while thinking they were obtaining the
certification offered by the outside organization. 2014 Report of Audit at 8 (SCHEV Ex. 1). As noted, SU also uses misleading and unsupported language to describe the quality and recognition of programs it develops and offers. *Id.* SU does not specifically respond to SCHEV’s findings regarding the misleading nature of SU’s descriptions. Instead, SU refers to its argument regarding SCHEV’s finding that SU’s programs for obtaining certain certifications do not meet standards of industry in the field because they are not recognized by the outside certifying organizations. This argument is addressed in section C above.

**E. Violation #5: Institution Does Not Maintain Student Records In Accordance With Virginia Regulation.**

Pursuant to 8 VAC 40-31-160(E)(2):

The postsecondary school shall maintain records on all enrolled students. At a minimum, these records shall include . . . [a] transcript of the student’s academic or course work at the school, which shall be retained permanently in either hard copy forms or in an electronic database with backup by the school, its successors, or its assigns.

During the 2014 audit, SU could not provide student transcripts that included all courses the student had taken and the final outcome for each course. Also, the student handbook, stated that student records are maintained for seven years instead of in perpetuity, and may be removed before seven years if a student stops taking SU courses. 2014 Report of Audit at 8-9 (SCHEV Ex. 1).

In its Opposition, SU claims that it maintains transcripts permanently on a cloud server as well as in local backup for seven years and produced transcripts for two students as proof. But SU provides no explanation for its inability to provide transcripts upon SCHEV’s request at the audit, or for its initial claim that it does not permanently maintain transcripts.
F. Violation #6: Institution Advertises Programs That Do Not Meet Standards For Quality, Content and Length.

Pursuant to 8 VAC 40-31-150(B), “The course, program, curriculum and instruction [offered by a career-technical school] must be of quality, content and length to adequately achieve the stated objective.” During the 2014 audit, SCHEV discovered that SU advertises two years of Unlimited Security Training for $11,000 and one year of Security University classes for $11,000. 2014 Report of Audit at 9 (SCHEV Exhibit 1). Such an agreement is not tethered to an objective and does not describe the quality, content and length of a program to reach an objective.

In its Opposition, SU argues that the length and content of its classes are stated in its literature. SU Opposition at 7. SU further claims that its refund policy is sufficient to protect students who seek to cancel their enrollment under this offer. Id. But SCHEV’s duty to protect students suffices to require schools to enroll students for specific courses for a specific period of time. In the event of school closure, the enrollment records are used to determine refunds for unearned tuition. Contracts such as SU’s, which are not linked to a specific objective, do not comply with 8 VAC 40-31-150(B). And as for SU’s argument regarding its refund policy, SCHEV relies on the arguments set forth in section A, above.

G. Violation #7: Institution Is Intentionally Ambiguous About Its Non-Degree Status.

Under 8 VAC 40-31-10 (Definitions), “‘University’ means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.” SU argues that SCHEV allowed SU to call itself “Security University” and that SU does not promise a degree to its students. SU Opposition at 7. But SCHEV’s concern is the combination of SU calling itself a university and other statements in its literature such as the use of “graduate” and “master” to describe certain certificates it offers, the use of the term “credit,” and promises to “advance your
degree.” SU’s self-identification as a “university” and use of this language is misleading in that the combination appears to describe a degree granting institution.

II. CONCLUSION

Based on the 2014 Report of Audit, the exhibits submitted by SCHEV, and all the foregoing reasons, SCHEV respectfully requests that the hearing officer return a determination that SU’s certification to operate be revoked.

Respectfully submitted,

STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA

By: [Signature]

Counsel

December 5, 2014

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ITEMS OF NON-COMPLIANCE

1. REFUND POLICY IN VIOLATION OF VIRGINIA REGULATION

Repeat Violation

8VAC 40-31-160(N) (1-13)

The school shall establish a tuition refund policy and communicate it to students. The school shall provide a period of at least three business days, excluding weekends and holidays, during which a student applicant may cancel his enrollment without financial obligation other than a nonrefundable fee not to exceed $100. A student applicant may cancel, by written notice, his enrollment at any time prior to the first class day of the session for which application was made. When cancellation is requested under these circumstances, the school is required to refund all tuition paid by the student, less a maximum tuition fee of 15% of the stated costs of the course or program or $100, whichever is less.

The minimum refund policy for a school that financially obligates the student for the entire amount of tuition and fees for the entirety of a program or course shall be as follows:

a. A student who enters the school but withdraws or is terminated during the first quartile (25%) of the program shall be entitled to a minimum refund amounting to 75% of the cost of the program.

b. A student who withdraws or is terminated during the second quartile (more than 25% but less than 50%) of the program shall be entitled to a minimum refund amounting to 50% of the cost of the program.

c. A student who withdraws or is terminated during the third quartile (more than 50% but less than 75%) of the program shall be entitled to a minimum refund amounting to 25% of the cost of the program.

d. A student who withdraws after completing more than three quartiles (75%) of the program shall not be entitled to a refund.

Finding:

Security University provided the following three documents as part of the audit materials requested:

- Student handbook
- Catalog
- Staff handbook
The student handbook is the only document that lists a compliant refund policy. It is SCHEV's refund policy, verbatim as appears in the Virginia Administrative Code. It is in a different font than the rest of the student handbook.

With one small difference, noted below, the other two documents list a refund policy that:

- Requires 20 business days notice prior to the start of class to receive a full refund
- Assesses a 25% cancellation fee if the student cancels less than 10 business days before the start of a class
- Assesses a 50% cancellation fee if the student cancels less than 5 business days before the start of a class
- Assesses a 100% no show fee if the student does not attend the class at all.
- Provides place in a future class of the same topic without additional fees if a student must withdraw due to a medical emergency. The option of a refund is not given.
- Provides the student with the opportunity to "request" a refund of 25% if he or she must leave prior to attending the third day of class. "No additional dollars will be refunded if they attended 3 days or greater." (The faculty handbook states 75% of the class fee can be "requested").

According to Virginia regulation, a student who withdraws from a program of 40 hours in length must be entitled to the following tuition refunds:

<table>
<thead>
<tr>
<th>Time attended</th>
<th>Refund Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10 hours</td>
<td>75%</td>
</tr>
<tr>
<td>10 hours but less than 20 hours</td>
<td>50%</td>
</tr>
<tr>
<td>20 hours but less than 30 hours</td>
<td>25%</td>
</tr>
<tr>
<td>30 hours or more</td>
<td>No Refund</td>
</tr>
</tbody>
</table>

Furthermore, an applicant is entitled to a full refund prior to the first day of class, minus a maximum tuition fee of 15% or $100, whichever is less. Security University's non-compliant refund policy, however, penalizes a student applicant 50% of the tuition if he cancels less than five days prior to the start of class.

The policy listed in the catalog and faculty handbook is in violation of Virginia regulation.

This is a repeat violation. In the Report of Audit dated December 22, 2011, Security University was cited for violating 8VAC40-31-160 (N). In a follow-up report dated April 5, 2012, Security University was notified that this item had not yet been corrected and was advised that repeat findings in future audits might lead to adverse administrative action including the suspension or revocation of the school's Certificate to Operate, pursuant to 8 VAC 40-31-200. Security University's failure to correct its refund policy after two written notifications constitutes flagrant disregard of Virginia regulation.

2. INSTITUTION DOES NOT FOLLOW ITS OWN ADMISSIONS POLICY

8VAC 40-31-160 (D)

The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school.
Finding:
For the audit, Security University provided a student handbook, a catalog, and a staff handbook for SCHEV staff review.

The student registration and admissions policies listed in each of these documents are quoted below:

- **Student handbook (page 27)**
  - All students are required to register online at the Security University website REGISTER ME tab (https://securityuniversity.net/reg.php.)
  - The student agrees to pay the Security University fees indicated and adhere to the Security University policies.
  - Provide validation of registration requirements- resume and background check or a letter from employer validating the employer has performed a background check on the registered student.
  - Effective February 11, 2011, students must provide evidence of 12 months of professional work in information technology and relevant TCP/IP or IT security certifications certificate.

- **Catalog (last page, unnumbered)**
  - School’s Registration Requirements: Evidence of Security+ Certification or 12 months professional work in information technology and relevant TCP/IP or IT security certifications you have attained.

- **Staff handbook (14th page from rear of handbook, unnumbered)**
  - All students must register online at the Security University website REGISTER ME tab (https://securityuniversity.net/reg.php.), the student agrees to pay the Security University fees indicated and adhere to the Security University policies and Provide validation of registration requirements- resume and background check or a letter from employer validating the employer has performed a background check on the registered student. Effective February 11, 2011, Security+ Certification or 12 months professional work in information technology and relevant TCP/IP or IT security certifications you have attained.

During the audit, SCHEV staff requested to see the files that document each student’s eligibility for admission to the program he/she enrolled in as per the admissions/registration requirement. The school proprietor, Ms. Sondra Schneider, did not provide these documents. Ms. Schneider implausibly asserted that the stated admissions policies are only applicable to students who wish to enroll in the Q/ISP program and there are no admissions requirements for any other programs. Since all three documents state the same policy and logic dictates that enrollment in many of the programs offered by Security University requires a level of knowledge and experience in the field for successful completion, SCHEV concludes that Security University does not follow its own stated admissions policy and is therefore in violation of Virginia regulation.

3. INSTITUTION DOES NOT MEET STANDARDS OF TRAINING IN THE FIELD

8VAC 40-31-150 (C)(1)

Courses of study conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which such standards have been established or conform to recognized training practices in those fields.
Finding:
Security University teaches courses billed as leading to certifications provided by external organizations. To meet recognized training practice for such programs, an institution must (a) provide training that is recognized by the certifying organization and (b) must ensure that students meet all eligibility requirements to sit for the exam once they have completed the program.

Security University fails to meet standards of training in at least eleven of its program offerings, as listed in the table below.

<table>
<thead>
<tr>
<th>Certification Name</th>
<th>Company providing certification</th>
<th>Deficiency noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWNA</td>
<td>CWNP</td>
<td>Security University is not a CWNP Authorized Learning Partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In its brochure, Security University asserts that taking a Q/WP &amp; Q/WSP Bootcamp Class is “all you need to know to pass CWNA &amp; CWSP exam.” Q/WP and Q/WSP are Security University’s own certifications and do not meet industry standards for CWNA recognized training.</td>
</tr>
<tr>
<td>CWSP</td>
<td>CWNP</td>
<td>Security University is not a CWNP Authorized Learning Partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In its brochure, Security University asserts that taking a Q/WP &amp; Q/WSP Bootcamp Class is “all you need to know to pass CWNA &amp; CWSP exam.” Q/WP and Q/WSP are Security University’s own certifications and do not meet industry standards for CWSP recognized training.</td>
</tr>
<tr>
<td>Certified Information Systems Security</td>
<td>ISC²</td>
<td>Security University is not listed as an (ISC)² Official Training Provider.</td>
</tr>
<tr>
<td>Professional With concentration in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Systems Security Architecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional (ISSAP) Concentration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CISSP-ISSEP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Information Systems Security</td>
<td>ISC²</td>
<td>Security University is not listed as an (ISC)² Official Training Provider.</td>
</tr>
<tr>
<td>Professional -CISSP</td>
<td></td>
<td>A minimum of five years of direct full-time security work experience in two or more of domains of the (ISC)² CISSP CBK® is required for</td>
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<tr>
<td>Certification</td>
<td>Provider</td>
<td>Requirements</td>
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<td>-------------------------------------</td>
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<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SSCP</td>
<td>ISC²</td>
<td>Security University is not listed as an (ISC²) Official Training Provider.</td>
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<td></td>
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<td>For the SSCP certification, a candidate is required to have a minimum of one</td>
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<td>year of cumulative paid full-time work experience in one or more of the seven</td>
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<td>domains of the SSCP CBK to sit for exam. By its own admission, Security</td>
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<tr>
<td></td>
<td></td>
<td>University does not require proof of experience for enrollment.</td>
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<tr>
<td>Certified Ethical Hacker (CEH)</td>
<td>EC Council</td>
<td>To be eligible to sit for the exam, candidate must (1) Attend official</td>
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<tr>
<td>Computer Hacking Forensic Investigation (CHFI)</td>
<td></td>
<td>training; or (2) Have at least two years of information security related</td>
</tr>
<tr>
<td>Licensed Penetration Tester (LPT)</td>
<td></td>
<td>experience. By its own admission, Security University does not require proof</td>
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<tr>
<td></td>
<td></td>
<td>of experience for enrollment.</td>
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<tr>
<td></td>
<td></td>
<td>EC Council has confirmed that Security University is no longer an official</td>
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<tr>
<td></td>
<td></td>
<td>training site.</td>
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<td></td>
<td></td>
<td>Security University calls its program &quot;penetration tester license.&quot; As</td>
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<td></td>
<td>licensure is not through EC Council, it is unclear which organization, if any,</td>
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<td></td>
<td>provides licensure.</td>
</tr>
<tr>
<td>Certified Information Systems Auditor (CISA)</td>
<td>ISACA</td>
<td>A minimum of 5 years of professional information systems auditing, control</td>
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<td>or security work experience (as described in the CISA job practice areas) is</td>
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<td>required for certification. Substitutions and waivers of such experience, to</td>
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<td></td>
<td>a maximum of 3 years, may be obtained under certain circumstances. By its own</td>
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<td></td>
<td></td>
<td>admission, Security University does not require proof of experience for</td>
</tr>
<tr>
<td></td>
<td></td>
<td>enrollment.</td>
</tr>
<tr>
<td>Certified Information Security Manager (CISM)</td>
<td>ISACA</td>
<td>A minimum of five years of information security work experience, with a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>minimum of three years of information security management work experience in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>three or more of the job practice areas. By its own admission,</td>
</tr>
</tbody>
</table>
Security University does not conform to recognized training practices for the programs listed above for three reasons:

1) Security University is not recognized as a training provider by ISC², EC Council or CWNP.

2) Security University, by its own admission, does not require students to provide proof of experience in the field prior to enrolling in these programs.

3) Security University falsely claims that training for its own certifications will prepare students to pass certification exams by outside organizations that set their own certification standards.

Security University has continued to offer programs for which it is not officially recognized as a training provider by organizations that provide the certifications the programs are billed as leading toward. This practice violates 8VAC 40-31-150 (C)(1), and threatens to injure students who would be unable to sit for certification exams after attending Security University.

4. COURSE CATALOG CONTAINS FALSE, INACCURATE OR MISLEADING INFORMATION

8VAC 40-31-160 (K)(2)

All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials. No school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.

Finding:

Security University's catalog, brochure, student handbook, and staff handbook contain multiple instances of information that is false, inaccurate, and/or misleading. The following are examples of items that violate Virginia regulation:
1. Security University Brochure
   a. **Claim:** “Advance your degree with Q/ISP IA CyberSecurity Graduate Certificate”
      **Violation:** Security University is a vocational school and is not authorized to operate as a degree granting institution in Virginia. As such, it cannot offer “graduate certificates”. This statement is false, inaccurate, and misleading.
   
   b. **Claim:** “Q/ISP Cybersecurity Graduate or Master Certificate”.
      **Violation:** This implies that Security University, a vocational school, has the authority to confer graduate certificates. This statement is false, inaccurate, and misleading.
   
   c. **Claim:** “No Classroom Needed”
      **Violation:** This implies that Security University has distance education classes; however, Ms. Sondra Schneider has repeatedly denied that the school provides any distance education. This statement is misleading.
   
   d. **Claim:** The brochure states that students who enroll in CISSP or COMPTIA Security+ courses have a 98% pass rate.
      **Violation:** Certification in CISSP or COMPTIA Security+ is granted by ISC² and COMPTIA respectively. Security University, by its own admission, does not collect data on the pass rate of students taking certification exams given by an outside company. Therefore, there is no basis on which Security University can make this claim. This statement is false, inaccurate and misleading.
   
   e. **Claim:** Security University bills itself as a legitimate provider of CISSP training when in fact, it is not.
      **Violation:** In small print, the brochure states “CISSP is a registered trademark of (ISC)²” and “Security University CISSP classes are not endorsed, sponsored or delivered by (ISC)².” However, Security University uses the registered, recognized and trademarked name “CISSP” throughout its brochure, catalog and student handbook. This usage amounts to a claim that Security University is an authorized training provider for CISSP. A tiny print disclaimer in a footnote is not sufficient to protect students from taking a course that will not qualify them for the certification in question.

2. Student Handbook
   a. **Claim:** Page 13: “That does not imply other University’s (sic) will automatically accept Security University credits or certs (sic).”
      **Violation:** Security University cannot award credits because it is not a degree granting institution. This statement is false, inaccurate and misleading.
   
   b. **Claim:** Pages 31-34: Course listings state the number of “credits” earned for each course.
      **Violation:** Security University cannot award credits because it is not a degree granting institution. This statement is false, inaccurate and misleading.

3. Staff Handbook
   a. **Claim:** Unnumbered page: “Credit Transfer Program: Our credit transfer program is a comprehensive academic review of your employees’ prior academic work to determine credit that can be applied towards degree programs. The program allows your employees to earn university credit for successful completion of courses and can significantly lessen the time and money to complete their program.”
b. **Violation:** This statement implies that Security University can award university credit. Security University is certified as a vocational-technical school and cannot award university credit. As a non-degree school, it is not competent to determine credit. This statement is false, inaccurate and misleading.

4. **Catalog, Brochure, and Student Handbook**

   a. Some programs Security University offers were created by Security University and it is stated that the "certification is maintained and granted Security University Testing LLC." The descriptions for these programs are misleading.

   i. Security University certifications are all preceded by the word "Qualified" and are named very similarly to certifications offered by other companies such as EC Council and CWNW. This makes it very easy for potential students to confuse these programs with those offered by companies that are recognized as industry standards. Indeed, an executive from EC Council informed SCHEV, in an email, that they have "case examples where students have purchased this "Q/EH" course thinking they were purchasing the official, Government approved CEH Certification we own. Due to the nature of this organization, we have had no choice but to terminate all business dealings and affiliations."

   ii. Security University uses misleading language to describe its own programs:

   (1) "The Q/ISP certificate and related certifications provides THE only means of identifying and certifying "qualified persons."

   (2) Referring to the Q/ISP certification: "Earn the most valued set of security certification licenses in the world"

   (3) ". . . thousands of companies and government agencies can trust the "Qualified" trustmark (sic)."

The above are egregious examples of misrepresentations made by Security University. If intentional, these misrepresentations constitute knowing attempts to recruit students using deceptive practices. If unintentional, they are indicative of incompetence. In either case they constitute a massive collection of violations of Virginia regulation.

5. **INSTITUTION DOES NOT MAINTAIN STUDENT RECORDS IN ACCORDANCE WITH VIRGINIA REGULATION**

8VAC 40-31-160 (E)(2)(4)

The postsecondary school shall maintain records on all enrolled students. These records shall include:

A transcript of the student’s academic or course work at the school, which shall be retained permanently in either hard copy forms or in an electronic database with backup.

**Finding:**

Security University could not provide student transcripts that included all courses the student had taken and the final outcome for each course. Furthermore, on page 11 of the student handbook, Security University states that student records are maintained for seven years and may be removed prior to that if the student’s "qualification expires," which appears to be a
Security University
Report of Audit
Page 9

reference to Security University’s own certifications. A student is therefore required to continue taking courses offered by the school as a condition of Security University maintaining records of his academic work. Virginia requires that student transcripts be retained permanently, without qualification.

Security University's policy on records maintenance is in blatant violation of Virginia regulation, and appears to be a predatory practice intended to prolong students' enrollment with Security University.

6. INSTITUTION ADVERTISES PROGRAMS THAT DO NOT MEET STANDARDS FOR QUALITY, CONTENT AND LENGTH

8VAC 40-31-150 (B)

The course, program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective.

Finding:

Security University advertises two years of Unlimited Security Training for $11,000 (brochure) and one year of Security University classes for $11,000 (catalog). Neither of these is compliant with Virginia regulation. Such open ended agreements do not conform to quality, content and length of programs because they are ambiguous and cannot be quantified. Enrollment agreements must specifically detail the program name, costs, and dates of attendance so students know exactly what they are agreeing to and are obliged to pay for.

This practice is particularly injurious to students who enroll and do not take more than one or two classes, given Security University’s non-compliant refund policy discussed above.

7. INSTITUTION IS INTENTIONALLY AMBIGUOUS ABOUT ITS NON-DEGREE STATUS

8VAC 40-31-10 (Definitions)

"University" means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.

Finding:

The name “Security University” is inaccurate since by definition, a university offers programs beyond the baccalaureate level and Security University is a career technical school and therefore is not authorized even to offer bachelor’s level credit. SCHEV admits that it committed an error when it allowed Security University to obtain certification using “university” in its name. The fact remains that the name “Security University” is not compliant with Virginia code and regulation, and also contradicts the generally accepted meaning of the term “university.” Security University intentionally blurs the lines between what they are (a non-degree vocational school) and what their name implies (a degree granting institution). As the review of their catalog, brochure, student handbook, and staff handbook clearly shows, Security University
uses terminology that is reserved for use by degree granting institutions. This indicates a lack of regard for representing itself accurately to current and potential students.

ITEM OF CONCERN

ACCREDITATION STATUS

Security University is currently accredited by the Accrediting Council for Continuing Education and Training (ACCET) as an institution that provides avocational training. During a recent audit of Security University by ACCET, the school's status as an avocational training provider was questioned by the accrediting agency. In a February 26, 2014 email, Ms. Schneider requested SCHEV to attest to ACCET that Security University's programming is avocational. SCHEV responded as follows:

Security University classes are not avocational. Avocational programs are intended solely for recreation, enjoyment, personal interest, or as a hobby. SCHEV does not certify institutions that provide only avocational programs. You are required to certify because you provide vocational training meant to prepare students for jobs/careers.

As accreditation requirements for vocational training are more rigorous than those for avocational training, such misrepresentation would benefit Security University by precluding it from adhering to stricter accreditation guidelines. Security University's representation to ACCET that it provides avocational training is deceptive.

-SCHEV AUDIT TEAM RECOMMENDATION-

Pursuant to 8VAC 40-31-200 (D), following an audit of a postsecondary institution certified to operate in Virginia, SCHEV staff shall prepare a report with recommendations.

SUMMARY OF FINDINGS FROM THE AUDIT OF SECURITY UNIVERSITY CONDUCTED ON JANUARY 30-31, 2014

1. The refund policy quoted in two of the three documents presented to SCHEV by Security University penalizes a student even before the class has officially begun. This is a clear violation of Virginia Administrative Code. SCHEV cited Security University for this same violation in its 2011 audit.

2. Security University does not follow its own stated admissions policy. While Security University attempted to persuade SCHEV staff that its stated admissions policy was only applicable to one program, all three documents presented to SCHEV at the time of the audit state the same admissions policy and do not limit its application to a specific program. The claim by Security University that all three documents are wrong is unconvincing.

3. Security University does not apply appropriate admissions requirements to students enrolling in courses that require experience in the field prior to sitting for certification exams. Security University's negligence in verifying the student's experience can result
in a student being ineligible to sit for a certification exam after paying for a course at Security University. This constitutes a breach of professional ethics.

4. Security University continues to advertise that it teaches programs that require certification by outside companies (such as EC Council, ISC² and CWNP) although it is no longer an authorized training provider for those companies. This constitutes a breach of professional ethics.

5. Security University’s catalogs, brochures, staff handbook and student handbook are riddled with falsehoods, inaccuracies and/or misleading statements. A reasonable reader’s perception of the School based solely on information provided in these documents would be far from the truth. The fact that Security University flagrantly misleads students is a violation of Virginia Administrative Code.

6. Security University’s management of student records does not meet the standards required of institutions certified to operate in the Commonwealth of Virginia. Instead of maintaining records in the format required by entities operating as postsecondary schools, Security University treats the records as “business” records, and disposes of them if students do not maintain enrollment in Security University’s programs. Student academic records must be maintained in the form of a transcript, and must not ever be destroyed or disposed. Security University’s practices in these regards violate the Virginia Administrative Code.

7. Security University’s advertised Unlimited Security Training at a cost of $11,000 is not compliant with Virginia regulation and does not conform to quality, content and length required of approved training. Enrollment in such a program will not provide students with adequate protections in the event of withdrawal. The offer of such training, neither approved nor vetted by SCHEV, is a predatory practice on the part of an institution that already unlawfully penalizes students for withdrawing from a class prior to its commencement.

8. Security University’s ambiguity about its non-degree status in its brochure, catalog and student handbook appears to be a deliberate attempt to misrepresent itself to current and potential students.

9. Security University has demonstrated a recent pattern of difficulty maintaining itself in good standing with external agencies.
   - On August 2, 2013, the Virginia Department of Veteran’s Services’ State Approving Agency for Veterans Education and Training (SAA) revoked Security University’s approval to offer training to veterans.
   - On August 22, 2013, ACCET issued an Institutional Show Cause based on three reasons: (1) the results of Security University’s review by SAA (2) the withdrawal of Security University’s approval to offer training to veterans, and (3) Security University’s offering of programs that were not approved ACCET.

While adverse actions from the accrediting agency and the Department of Veteran’s Services are not in themselves violations of Virginia regulations governing postsecondary education, they are indicative of problems maintaining compliance with external standards of good practice and quality. The relevance of this inference is supported by the numerous findings detailed above in this report.
Final Recommendation

Security University is in violation of multiple provisions of 8VAC 40-31 et. seq. designed to protect students from predatory institutions. The violations identified above touch on some of the most fundamental provisions in the Code of Virginia and the Virginia Administrative Code related to minimal standards of academic quality and fair treatment of students. The number and kind of violations identified in this report document (a) a chronic pattern of misleading practices and (b) a chronic—and therefore apparently willful—inability to maintain compliance with Virginia regulation.

SCHEV staff recommends that Council revoke Security University's Certificate to Operate as a postsecondary institution in the Commonwealth of Virginia.
FINDINGS OF FACT, CONCLUSIONS
DECISION AND RECOMMENDATIONS

I. INTRODUCTION

A. Procedural Background.

This matter is the result of an audit of Security University located in Herndon, Virginia ("Security University"), which audit was conducted by the staff of the State Council of Higher Education in Virginia ("SCHEV"); the audit was conducted on January 30-31, 2014. The purpose of the audit was to determine if Security University was in compliance with the regulations administered by SCHEV. As a result of the audit, SCHEV concluded that Security University was not in compliance with the regulations it administered and recommended that Security University’s charter to operate in Virginia be revoked. Representatives of SCHEV and Security University engaged in an “Informal Fact Finding” ("IFF") conference on May 1, 2014; however, the noncompliance issues were not resolved to SCHEV’s satisfaction; therefore, SCHEV continue to recommend that Security University’s charter be revoked, prompting Security University to request a hearing before a hearing officer.
On July 15, 2014, pursuant to §2.2-4020 of the Code of Virginia, the undersigned was appointed as the hearing officer to recommends finding of facts and a decision, to include conclusions and a recommendation addressing SCHEV’s assertion that Security University is in violation of various sections of the Virginia Administrative Code administered by SCHEV.

A pre-hearing conference call was held on October 24, 2014 in which the parties agreed to hold the hearing on December 10, 2014. Prior to the actual hearing, the parties exchanged their respective list of witnesses and exhibits on December 5, 2014.

B. Witnesses and Exhibits:

On the day of hearing and prior to the beginning of testimony, the representatives of SCHEV and Security University discussed the transcription of the Informal Fact Finding Hearing ("IFF"), which was held on May 1, 2014. The written transcription of the IFF was included in Security University’s Exhibits submitted on December 5, 2014 as Exhibit No. 5. SCHEV submitted a CD Audio version of the IFF. (SCHEV Ex. 4). The initial transcription did not have the correct names associated with the party actually speaking at the IFF hearing. The updated Exhibit 5 corrected this and was admitted to the record with no objection. All other documents that the parties had exchanged on December 5, 2014 that were to be considered as part of the record were admitted; however, at the hearing, Security University introduced two additional exhibits that were admitted without objection as Exhibits 24 and 25.

The exhibits referenced herein will be identified as SCHEV Exhibit ("SCHEV Ex. 1 - __"), or Security University Exhibit ("SU Ex.1 - __").

The witnesses who testified at the hearing for the parties were as follows:

Security University:   Mr. Chris Mercer  
Ms. Helen Reynolds  
Mr. Tony Sager  
Mr. Ken Cutler  
Mr. Brad Boute  
Ms. Sondra Schneider
C. **The Record:**

The Record in this matter consists of the following:

1. The October 24, 2014 Pre-hearing conference call memorandum;
3. Security University’s Opposition to SCHEV’s March 14, 2014 Audit;
4. SCHEV’s Response to Security University’s Opposition to March 14, 2014 Audit dated December 5, 2014;
5. The list of witnesses and exhibits submitted on December 5, 2014 by Security University, (Exhibits 1 through 23 and Exhibits 24 and 25 admitted at the hearing);
6. The list of witnesses and exhibits submitted on December 5, 2014 by SCHEV (Exhibits 1 through 19);
7. The Transcript of the December 10, 2014 hearing (“Transcript,” or “Tr.”);
8. Security University’s Proposed Findings of Fact and Conclusions and Statement of Reasons dated February 25, 2015, submitted pursuant to 8 VAC 40-31-220(D);
9. SCHEV’s proposed Findings of Fact and Conclusions dated March 4, 2015, submitted pursuant to 8 VAC 40-31-220(D);

D. **Relevant Authority:**

i) VA Code § 23-276.3; 8 VAC 40-31-200 (D)

ii) Regulations pertaining to allegations of Security University’s Non-Compliance:

(1) 8 VAC 40-31-160(N)(1-13): Among other things states: “The school shall establish a tuition refund policy and communicate it to students.
(2) 8 VAC 40-31-160(D): “The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school.”

(3) 8 VAC 40-31-150(C)(1): “Courses of study conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which Security University standards have been established or conform to recognized training practices in those fields.”

(4) 8 VAC 40-31-160(K)(2): “All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials. No school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.”

(5) 8 VAC 40-31-160(E)(2)(4): “The postsecondary school shall maintain records on all enrolled students. These records shall include: A transcript of the student’s academic or course work at the school, which shall be retained permanently in either hard copy forms or in an electronic database with backup.”

(6) 8 VAC 40-31-150 (B); “The course program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective.”

(7) 8 VAC 40-31-10 (Definitions): “University” means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.”

II. Pursuant to Va. Code § 2.2-4020(C), Security University has the burden of proof in this matter.

III. FINDINGS OF FACTS

1. Security University is in the business of providing cybersecurity/information security education and training and has done so since 1999. (Tr., pg. 86-87). Security University received its Certificate to Operate in Virginia from SCHEV in 2006 (Tr. pg. 252).

2. The average age of students who have attended classes at Security University ranges from thirty-Five (35) to Fifty-Five (55). (Tr. pg. 90). During the time period in which Security University has operated over 23,000 students have enrolled in classes offered by Security University. (Tr. pgs. 254).
3. In accordance with Va. Code §23-276.3, SCHEV has the duty to protect students pursuing postsecondary educational opportunities from predatory practices. (Tr. pg.175). SCHEV’s Private and Out-of-State Postsecondary Education (“POPE”) division is responsible for certifying and monitoring both private and out-of-state postsecondary schools in Virginia (Tr. pg. 174), this responsibility includes ensuring schools are complying with applicable Virginia statutes and regulations. (Tr. pgs. 175-176).

4. Security University’s certification is to operate in Virginia as a vocational postsecondary institution. Security University does not offer college type credits such as those permitting a student to obtain a college baccalaureate degree; but rather, Security University is a non-degree granting institution (Tr. pg. 63).

5. On January 30-31, 2014, SCHEV conducted an audit of Security University in accordance with 8VAC 40-31-200 (D) of the Virginia Code. The report of the audit was completed on March 14, 2014 (“2014 Audit”), (SU Ex. 7; SCHEV Ex. 13). SCHEV conducted the 2014 Audit due to a notice from the Virginia Department of Veteran’s Services of its decision to withdraw Security University’s approval to provide courses to veterans (Tr. Pg. 177; SCHEV Ex. 18). The 2014 Audit was also due to information that SCHEV received from ACCT, Security University’s accreditation agency. (Tr. pg. 177).

6. The 2014 Audit was sent to Security University in a cover letter dated March 14, 2014 which advised Security University that SCHEV would be seeking to revoke Security University’s Certificate to Operate, pursuant to Title 23, Chapter 21.1 §23-276.6 of the Code of Virginia. The basis for this decision was SCHEV’s conclusion that Security University had failed to maintain compliance with Virginia regulations. (SCHEV Ex. 1; SU Ex. 7).

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7. Security University was also advised that pursuant to 8 VAC 40-31-220 it was entitled to an informal fact finding ("IFF") conference, for it to present information that may have a bearing on the action proposed by SCHEV (SCHEV Ex. 3). Pursuant to 8 VAC 40-31-220.

8. Security University requested an informal fact finding conference ("IFF") which was held on May 1, 2014. Attendees at the IFF were from SCHEV, Dr. Joseph DeFilippo, and Director of Academic Affairs at SCHEV, Ms. Sylvia Rosa-Casanova, Director, Private and Out-of-State Postsecondary Education for SCHEV, Ms. Josephine Wright, Compliance Investigator for SCHEV and Ms Sandra Freeman. Participants for Security University were Ms. Sondra Schneider, owner and founder of Security University and Ms. Florence Tate, Security University consultant. (SU Ex. 5; SCHEV Ex. 4).

9. Security University was not able to present information at the IFF that persuaded SCHEV to not seek the revocation of its Certificate to Operate (SCHEV Ex. 5).

10. By letter dated June 18, 2014, (SCHEV Ex. 7), Security University was advised of the findings outlined in SCHEV’s 2014 Audit that recommended Security University’s Certificate to Operate in Virginia be revoked. Security University was also advised it had the right to request a formal hearing before a hearing officer assigned by the Virginia Supreme Court pursuant to 8 VAC 40-31-220(B). (SCHEV Ex. 1; SU Ex. 7).

11. SCHEV had previously conducted an audit of Security University in 2011 ("2011 Audit"), (SCHEV Ex. 13; SU Ex. 6), with a follow-up audit in 2012. (SCHEV Ex. 16). The audits were conducted pursuant to 8 VAC 40-31-200 (D). The 2014 Audit listed seven (7) allegations of non-compliance by Security University resulting in the SCHEV staff recommending that Security University’s certificate to operate in Virginia be revoked. (SU Ex. 7; SCHEV Ex. 1).
VIOLATION NO. 1: “The Refund Policy In Violation of Virginia Regulation (Repeat Violation)

8VAC 40-31-160(N) (1-13): The school shall establish a tuition refund policy and communicate it to students.

12. The first violation listed in the 2014 audit was that Security University was out of compliance with the tuition refund policy. The refund policy was also an issue before SCHEV in the 2011 audit (Tr. pg. 135). As a result of the 2011 audit, Security University divided its original documentation providing information about it and the courses it offers from a single document into three (3) separate documents; a Student Handbook (SU Ex. 3; SCHEV Ex. 9), Staff Handbook (SU Ex. 4; SCHEV Ex. 10) and a Catalogue (SU Ex. 2; SCHEV Ex. 11).

13. SCHEV determined that Security University’s refund policy as stated in its Staff Handbook Course Catalogue were in violation of 8 VAC 40-31-160 (N), that, among other things, requires that “The school shall establish a tuition refund policy and communicate it to students.” SCHEV concluded the information about the refund policy was misleading because different language was in the documents Security University created. Even though the Staff Handbook and Catalogue were determined to be non-compliant Security University’s Student Handbook contained a compliant refund policy. (Tr., pg. 184-185, 192).

14. The Course Catalog and Staff Handbooks as written, are not in compliance for stating a refund policy different from what is stated in the regulations (Tr. pgs. 183-186), but were due to an “editorial oversight.” For example, Security University’s refund policy as set forth in the Course Catalog and Staff Handbook requires 20 business day notice prior to the start of class to receive a full refund; assesses a 25% cancellation fee if the student cancels less than 10 business days before the start of a class; assesses a 50% cancellation fee if the student cancels less than 5 business days before the start of a class; assess a 100% no show fee if the student does not attend the class at all; provides place in a future
class of the same topic without additional fees if a student must withdraw due to a medical emergency; provides the student with the opportunity to request a refund of 25% if the student must leave prior to attending the third day of class. (SCHEV Ex. 1; SU Ex. 7). The hearing officer finds this language to be non-compliant with the applicable regulation.

15. Virginia regulations requires the following for a program of 40 hours in length: a 75% refund for less than 10 hours, 50% refund for 10 hours but less than 20 hours; 25% refund for 20 hours but less than 30 hours and no refund for 30 hours or more (2014 Audit; SCHEV Ex. 1; SU Ex. 7). The hearing officer finds the language in the Staff Handbook and Catalogue are noncompliant with the regulations.

16. Notwithstanding a finding of noncompliance with regard to the Catalog and Staff Handbook, there is no finding that that the non-compliance was knowingly or willfully committed, but were inadvertent and not deliberate (Tr. pg. 275).

17. Even though there are inconsistency in the three (3) documents that Security University produced that describe a refund policy, there have been nine (9) requests for a refund from Security University since 1999 and none of the requests for a full refund were denied (Transcript pgs. 139-141). Furthermore, there have been no complaints from a student to SCHEV concerning the Security University refund policy. (Tr. pg. 254).

18. As stated herein and in the 2014 Audit, the Course Catalog and Staff Handbook are noncompliant with the Virginia Regulations with regard to the student refund policy; however, the 2014 Audit did not state that the non-compliance was knowingly or willful committed (Tr. pg. 184-185, 192, 275) and the hearing officer finds credible the testimony of Ms. Schneider that the noncompliant refund policy was not a willful violation of the regulations.
VIOLATION NO. 2: Institution Does Not Follow Its Own Admissions Policy.

8 VAC 40-31-160(D): “The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school.”

19. The 2014 Audit states, among other things that Security University is noncompliant with 8 VAC 40-31-160(D) in that it does not follow its own Admissions Policy. SCHEV concluded that Security University’s Student Handbook (SCHEV Ex. 9 at 27; SU Ex. 3), Catalog (SCHEV Ex. 11; SU Ex. 2) at last number page and Staff Handbook (SU Ex. 4; SCHEV Ex. 10, at 14th unnumbered page from the rear) contained admissions policies that applied to students intending to register for Security University classes.

20. During the 2014 audit, SCHEV requested to see files from randomly selected students to determine if the files document the student’s eligibility and application requirements for admission to show consistency with Security University’s practice (Tr. pgs. 192-193); however, no files were provided (Tr. pg. 195).

21. Security University disputed the allegation of noncompliance with regard to failing to maintain minimum requirements for eligibility for admission. Ms. Schneider (Transcript pg. 90) stating Security University has a minimum requirement that a prospective student must have an understanding of “TCP/IP,” before being admitted to attend one of Security University’s 5-Day courses. (Tr. pg. 98); Security University Ex. 9). One prospective student who did not have this TCP/IP background was advised to seek education courses at a Community College in information security before applying to Security University. (Tr., pgs.98-99; SU Ex. 8).

22. Security University’s admission policy with regard to the requirement for a background in TCP/IP was presented through testimony of Mr. Chris Mercer, a former Security University student, who testified that he explained his TCP/IP background prior to being admitted into Security University
(Tr. pg. 17). Additionally, Ms. Helen Reynolds a current student at Security University also testified about her 20 years of experience in TCP/IP prior to enrolling at Security University. (Transcript pg. 26).

The hearing officer finds the testimony of Mr. Mercer and Ms. Reynolds credible and that Security University follows its admissions policy with regard to student admission concerning their needing to know TCP/IP as a prerequisite to being admitted into Security University.

**VIOLATION # 3: Institution Does Not Meet Standards of Training In the Field.**

8 VAC 40-31-150(C)(1): “Courses of study conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which Security University standards have been established or conform to recognized training practices in those fields.”

23. SCHEV made a finding in the 2014 Audit that “Security University teaches courses billed as leading to certifications provided by external organizations, (Tr. pgs. 201-202), but that Security University failed to meet the standards of training in at least eleven of its program offerings. (SCHEV Ex. 1; SU Ex. 7).

24. The 2014 audit report lists eleven (11) Security University programs that it states as leading to certification by external organizations; however, SCHEV concluded that the external organizations referenced by Security University do not recognize Security University as a training provider or that the training offered by Security University is sufficient to obtain a certification (Tr. pgs. 203-206).

25. There were no documents submitted for the hearing officer to consider as part of this Findings of Fact, from the external organizations either confirming or denying whether the training offered by Security University was acceptable in terms of a student receiving a certificate in the cybersecurity or information security fields. SCHEV’s 2014 Audit lists the eleven (11) areas, heading as “Deficiency noted;” (SCHEV Ex. 1; SU Ex. 7). However, even though the organizations referred to in the 2014 Audit have not indicated they recognized Security University as a training provider or
verified that the training provided by Security University is sufficient to obtain a certification, there was no evidence that a student trained by Security University could not sit for an examination leading to a certification offered by the institutions listed. (Tr. 204-205). Mr. Ken Cutler, a teacher at Security University since 2011 testified credibly that no student had complained to him about not obtaining a degree by taking courses at Security University (Tr. pg. 63).

26. Security University disputed the allegation of noncompliance and presented Mr. Tony Sager, a former National Security Agency ("NSA") employee of 34 years, who testified that Security University was one of the places the NSA would look to for training its employees (Transcript, pgs. 45-46). The hearing officer finds the testimony of Mr. Sager credible.

27. Security University also presented certificates from the Committee on National Security Systems ("CNSS") and NSA Security (SU Ex. 10) supporting Security University's contention that its course work met the requirements for the information security fields Security University teaches. (Transcript, pgs. 41-42).

28. There have been no complaints by students to SCHEV that Security University had not provided training necessary to meet the standards of training in the field of study the student had attended Security University for. (Tr., pg. 104). The record supports and the hearing officer finds that Security University has met its burden that it offers courses of study that conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which Security University was chartered to provide.

VIOLATION #4: Course Catalog Contains False, Inaccurate orMisleading Information.

8 VAC 40-31-160(K)(2): "All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials. No school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school."
29. The 2014 Audit stated that Security University was in violation of 8 VAC 40-31-160(K)(2). SCHEV based the allegation of noncompliance in that Security University uses in its brochure (SU Ex. 1; SCHEV Ex. 8) phrases such as: "Advance your degree with "Q/ISP IA Cybersecurity Graduate Certificate," "Q/ISP Cybersecurity Graduate or Master Certificate;" "no classroom needed." Additionally, SCHEV took issue with Security University’s reference to a 98% pass rate and that Security University bills itself as a legitimate provider of CISSP training. SCHEV also determined that Security University is in violation of the regulations by including in its Student Handbook the use of the term "credit;" and in its Staff Handbook a reference to a "Credit Transfer Program." SCHEV asserts the uses of such language are examples of misrepresentations made by Security University. (Tr.pg.213; SCHEV Exhibits 1 and 8). (Tr. 214).

30. SCHEV challenged this terminology because Security University is a vocational institution and not a degree conferring institution; consequently, SCHEV concluded the use of this term could be misleading to prospective students. The hearing officer finds however that Security University does provide students with "certificates" and the fact that the word "Certificate" is included in the advertisement is distinguishable from offering a degree and therefore does not appear to have been a "knowing" intent to misrepresent what Security University offers; i.e. a certification not a degree. (It is noted that the word "degree" is included in the referenced regulation; however, as stated on the record, Security University was not establish as a "degree" conferring institution and has not conferred any degrees but does provide its students with a certificate). There is no finding of a violation with regard to Security University representatives or in its documents that it knowingly made a statement or representation that is false, inaccurate or misleading regarding the school.

31. The term "no classroom needed" was challenged by SCHEV because it implies online courses of study. (Tr., pg. 213; SU Ex. 1; SCHEV Ex. 8). This language inserted by Security University
was a part of an icon in one of Security University’s brochure (SU Ex. 1; SCHEV Ex. 78 as an advertisement to highlight that Security University’s educational resources and quizzes would be available to students on furnished iPads (Tr., pgs. 130).

32. Ms. Rosa-Casanova provided credible testimony at the hearing that she did not believe the phrase “no classroom needed” was an attempt to knowingly mislead a student, but was inserted inadvertently. (Transcript pg. 275).

33. There was no evidence that any student had been misled into thinking they did not have to appear in a classroom and there have been no complaints about Security University to SCHEV by a student that they were misled about classroom attendance. (Transcript, pgs. 18, 26, 131). Ms. Schneider testified that the brochure in question emphasized “hands-on-training” and refers to “instructor led classes” (Transcript, pgs. 130-132, Ex. 1). In any event, Security University has since removed the language “no classroom needed” from its brochure. (Transcript, pg. 131). The hearing officer finds based on the evidence that the phrase “no classroom needed” was not an attempt to mislead prospective students into believing they did not have to physically participate in a classroom setting to take courses at Security University.

34. Security University also contained in a its brochure that it had a 98% pass rate for student taking courses at Security University, preparing to take exams for certification in one of the cybersecurity/information security fields of study. (SU Ex. 1; SCHEV Ex. 8). This assertion by Security University was challenged by SCHEV as misleading. Although SCHEV challenged this assertion by Security University, Ms. Rosa-Casanova testified credibly that she did not recall requesting documentation to verify the 98% rate claim. (Transcript pgs. 275-276).

35. Mr. Brad Boute, a consultant to Security University, provided credible testimony that data collected from three (3) exams that Security University conducted, confirmed the 98% passage rate
(Tr. pgs. 73-74). Mr. Boute was retained by Security University to assist with the accreditation issue before the ACCET.

36. Ms. Schneider testified at the hearing that Security University has data to support the passing rate for its students (Transcript, pgs. 72-74; Ex. 130. Ms. Schneider also testified that one of the exams from which Security University obtains data about their passing an exam requires the student to self-report whether they passed the exam. This exam had data from 83 of 90 students who took a test, but all of them ultimately passed the exam. (Transcript, pg. 72-74). Accordingly, there was sufficient evidence that the claim of a 98% passing rate as asserted by Security University is supportable and the hearing officer so finds.

37. The 2014 Audit also questioned Security University’s use of the words “graduate certificate,” and “master certificate,” because Security University is not a degree conferring institution (Transcript, pgs. 273-274). Further, based on the record, Security University offers “certificates” not “degrees.”

38. Security University introduced information at the hearing about other institutions that use these terms in connection with a student obtaining a “certificate,” rather than a degree, including the University of Richmond, (SU Ex. 15), Villanova University, the University of Virginia (SU Ex. 25) and the IBM Corporation. (Transcript, pgs. 115-118, 212); SU Ex. 15, 25).

39. Security University is not a degree conferring institution in the manner of providing college type credits leading to a baccalaureate degree, it is a vocational institution. However, even though the organizations listed, by Security University to support its use of these terms are different from Security University, they do offer non-degree certifications. The hearing officer finds the institutions that Security University has referred to are appropriate examples of institutions providing postsecondary certificates similar to that which Security University provides its students.
40. Whereas the use of the terminology "advance your degree" for example could lead a prospective student in to believing he/she would receive a baccalaureate degree, there have been no complaints from students who took a course from Security University thinking they would have college type credits by obtaining a certificate in the cybersecurity/information security fields at Security University. Furthermore, there does not appear to be any regulations preventing the use of the terminology so long as what is offered is clearly explained; accordingly there was no evidence that Security University is in violation of 8VAC 40-31(K)(2).

41. As a related issue to the use of the terms "graduate certificate" and "master's certificate," the 2014 Audit questioned Security University's use of the term "credit" and "Credit Transfer Program." (SCHEV EX. 9, pgs. 13, 31-34; SCHEV Ex. 10; Tr. Pg. 219). And there is no evidence that 8VAC 40-31-160(k)(2) prevents Security University from using the term even though it is not a degree conferring institution. (Transcript, pg. 280). With regard to the "Credit Transfer Program," Security University has a Memorandum of Understanding with Capitol College that allows courses taken by students at Security University to be transferred. (Tr. pg. 219). Even though a violation of the regulation is not found, the use of the term "credit" or Credit Transfer Program need to be clearly described by Security University to reflect what it actually offers.

42. Security University's Catalog, Brochure and Student Handbook contain references to programs created by Security University with similar names to other programs and certifications in the information-cyber security industry. (Tr. Pgs. 220-221; SCHEV Ex. 8,9, and 11; Security University Ex. 2 and 3). Security University has differentiated these terms by adding the word "Qualified." There have been no complaints filed by a student attending Security University courses that they were confused with the certifications they would be receiving as a result of training conducted by Security University (Tr. Pg. 65, 99, 104, and 107).
43. The 2014 Audit challenges Security University’s listing of itself as a provider of the
CISSP training and has used the trademarked name “CISSP” in its brochures and by doing so, has
provided student with misleading information that Security University has a formal relationship with
CISSP. (SU Ex. 7; SCHEV Ex. 7). Security University does use “CISSP” in its advertising, materials,
but does so to identify Security University with the services Security University provides directed at
preparing students for taking the CISSP exam (SU. Ex. 11). Also, there was no citing to a provision of
the Virginia Administrative Code that would require a formal relationship between Security University
and CISSP. There have been no complainants by a student that they were misled about this
representation and the hearing officer does not find a violation.

VIOLATION #5: Institution Does Not Maintain Student Records In Accordance With
Virginia Regulation

8 VAC 40-31-160(E) (2)(4): “The postsecondary school shall maintain records on all enrolled
students. These records shall include: A transcript of the student’s academic or course work at
the school, which shall be retained permanently in either hard copy forms or in an electronic
database with backup.”

44. The 2014 Audit Report also found a violation with regard to the manner in which
Security University maintains student records and transcripts and that Security University does not
permanently maintain these records and therefore, Security University is noncompliant with 8 VAC 40-
31-160 (E)(2)(4). Security University disputed this allegation, stating that it has maintained student
records permanently since 1999 (Transcript, pgs. 109-110). However, Security University did not
provide documentation to support its claim.

45. During the 2014 audit, SCHEV requested that copies of student transcripts be available
with the intent that SCHEV would have the opportunity to randomly select the student transcripts it
wanted to review; however, Security did not provide any transcripts. (Tr. 222-226). Instead of
transcripts, student invoices were offered to SCHEV; at the hearing, Security University produced three
student transcripts (SU Ex. 12); however, this offer was not in accordance with the request of SCHEV to have the ability to randomly select student transcripts. Security University offered on the record to provide all transcripts, but that does not change the finding of SCHEV based on the 2014 Audit. Accordingly, Security University has not met its burden of maintaining student records in accordance with Virginia Administrative Code.

**VIOLATION #6: Institution Advertises Programs That Do Not Meet Standards For Quality, Content and Length.**

8 VAC 40-31-150 (B); “The course program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective.”

46. The 2014 Audit report alleges that Security University has violated 8 VAC 40-31-150(B) by advertising in its brochure (SU Ex. 1; SCHEV Ex. 8) that students could take an “unlimited” number of courses for a fixed price discount for 12 and 24 month periods for $11,000. (Tr. pgs. 143-146; SCHEV. Ex. 1). Most classes offered by Security University are generally priced at $3,000 (Tr., pg. 143-146). The SCHEV concluded this type of advertisement for programs fails to meet the standards for quality, content and length as required by the regulations. However, Security University removed the term “unlimited” and instead revised its marketing language to allow for up to 23 classes for a fixed period. (Transcript, pgs. 143-145, 148-149). SCHEV’s concern with the language “unlimited” was that Security University could mislead individual students; however, only organizations have taken advantage of this offering, including the Marines, AT&T and a nuclear plant. (Transcript, pgs. 143-148, 259, 286).

47. Security University defended the practice, but based on SCHEV’s concerns, the phrase “unlimited” was removed by Security University and replaced with stating students could take up to twenty-three (23) classes for a fixed period. (Tr., pgs. 143-145, 148-149).
VIOLATION #7: Institution is Intentionally Ambiguous About Its Non-Degree Status.

The relevant regulation here is 8 VAC 40-31-10 (Definitions): “University” means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.”

48. SCHEV contends that notwithstanding it allowing Security University to use the word “University” in its name, the use of the word will confuse student into believing they would receive a baccalaureate level degree by attending Security University. Furthermore, the use of the word “University” in combination with other terms such as “credit” was misleading. SCHEV however, did allow and has continued to allow Security University to use the word “University” in its name and there have been no complainants from a student as to the type of institution that Security University is and that it does not offer college or baccalaureate type degrees (Tr. Pg.16, 26, 65, 107).

49. The 2014 Audit concluded Security University’s use of the word “University” was misleading since it does not confer degrees. However, SCHEV admitted it granted Security University the right to use the word “University” in its name when Security University applied for its Certificate to Operate. The problem as concluded by SCHEV was that the word “University” in conjunction with the use of the words “graduate,” “masters,” and “credit,” would mislead student in to thinking they would be receiving a college type credit by taking one of Security University’s courses. Two former student of Security University testified that they were not confused by thinking they would be receiving credits towards a degree (Tr., pg. 63). Accordingly, it would be improper to now penalize Security University for using the word “university” in its name when prior authorization was given. (Tr., pgs. 292-293).

50. The hearing officer agrees with SCHEV that it is to be afforded deference with regard to its interpretation of its own regulations; however, the facts as set forth on the record must also be considered and in this regard, it was not a matter of how the regulations were interpreted, because there was no evidence that Security University purposely decided to interpret the regulations in an
inconsistent manner to get around what was required. Security University appears to have not taken the regulation into consideration when it, for example, it prepared its brochure and other documents.

III. ISSUE:

Whether Security University has committed violations of the regulations administered by SCHEV to warrant a revocation of its’ Certificate to Operate in Virginia.

IV. CONCLUSION:

Pursuant to Va. Code §2.2-4020(C) Security University had the burden of proof to establish by a preponderance of the evidence that no violations of the regulations listed herein above occurred. As stated herein, there were what appeared to be violations and it can be concluded that Security University has not fully complied with the specific requirements of the regulations and has not done so even with SCHEV providing appropriate guidance since at least 2011. However, it is significant to note that there were no actual violations, but the possibility of a violation due to the manner in which Security University has advertised itself. It is also clear that the violations are based on “if” type of questions that a student could be misled by Security University’s advertisements and information it provided to student. Yet, even with no actual harm to a student due to a misrepresentation having occurred, it would inappropriate and inconsistent with SCHEV’s responsibility to protect students, but have to wait for an actual violation before taking appropriate action.

Based on the evidence at the Hearing on December 10, 2014 and the documents submitted by the parties and admitted as part of the record, Security University has clearly not developed systems of records that fully comply with the requirements of SCHEV and the cited regulations that formed the basis of SCHEV’s recommendation that Security University’s certificate to continue providing educational services should be revoked. It is clear that Security University needs substantial assistance to make Security University fully in compliance with all Virginia Administrative Code requirements.
Significant to note however, is that even if it were concluded that Security University may have failed to comply with the requirements as stated in the March 14, 2014 audit, the hearing officer found no basis to conclude the failure to comply was committed “Knowingly” but rather appears to have been based on a failure to take seriously the staff recommendations as specified in not only the 2014 audit, but also, the 2011 audit and the 2012 follow-up audit. The record reflects that although Ms. Schneider has the technical capability to offer the very sophisticated courses that Security University provides, it does not appear she either has the time or experience in handling both the technical aspects of what Security University offers as well as handling the day-to-day the administrative compliance matters. Such is true of many small business who, lacking in staff, find it difficult to understand compliance issues and not being able to implement what is required.

It is extremely significant to note that Security University has been operating for 14 years and certified to do business through SCHEV for at least nine (9) years, with over 23,000 students participating in one or more of its 5 day courses; yet, there have been no complaints from any of the 23,000 students about being misled by refund policy; whether they were going to receive a degree or college type credit that would lead to a degree; or, whether the courses they took at Security University would in fact help them to sit for examination to obtain certain certifications.

SCHEV makes a strong argument that the various materials that Security University presents to the public can be misleading, but here, the type of students that attend Security University classes, ages from 35 to 55 are distinguishable from students for example just getting out of high school and wanting to advance in the security field. Young high school and even college age students with no or limited working experience could be misled by improper language in advertising material; however, students with a certain level of maturity, such as the type of students Security University attracts, are not as likely to be confused by wording in an advertising brochure. Security University’s courses are not aimed at
those young students, but rather individual who have had a degree of work experiences and training and presumably would understand the need to question confusing or misleading material. The fact that Security University's publicly available information either in written form or on the Internet, have not led to complaints from students seems to negate the allegations that Security University does not conduct its business as represented.

Security University had the burden of proof in this matter that it did not violate the applicable regulations as cited above. Whereas it can be concluded that Security has failed to be in fully in compliance with many of the regulations listed as violations, again the record does not reflect an intentional disregard for compliance or knowingly conducting itself in a manner to violate the regulations. Even though there were violations, the issue is whether such would warrant the most severe penalty that SCHEV could impose, being a revocation of its certificate to operate in Virginia as a vocational institution. The hearing officer concludes that the recommendation to revoke Security University's certificate to operate is not warranted and based on the facts as set forth herein would be overreaching. As stated above, it would be inconsistent with SCHEV's responsibility to have to wait until a student was harmed to take appropriate action; the question is what action with regard to Security University would be appropriate under the circumstances here.

Therefore, the recommendation to revoke a certificate to operate is the most stringent of punishments that SCHEV could suggest, and based on the facts herein with regard to Security University are not warranted. Even so, Security University has had numerous opportunities to correct its manner of doing business in order to be in compliance with the requirements of SCHEV, but as stated above, among other things, Security University appears to lack an understanding as to how to make Security University operate in accordance with the regulations. In any event, the hearing office does not believe the record supports revocation as a penalty, and therefore concludes that Security University has
not committed violations of the regulations administered by SCHEV to warrant a revocation of its Certificate to Operate in Virginia.

VI. **RECOMMENDATION**

It is the recommendation of the hearing officer that Security University’s Certificate to Operate not be revoked, but a lesser penalty imposed. In this regard, Security University must revise its language concerning its refund policy as stated in its Course Catalogue and Staff Handbook to be consistent with the language in its Student Handbook and the requirements of SCHEV; Security University has removed the language “no classroom needed” from its advertising material and needs to continue doing so; Security University needs to revisit the manner in which it records pass/fail statistics to be based on actual reports from students through surveys or documentation from exam sponsors; Security University should review its use of the words “graduate” “masters” and “credits” to make sure these words used in connection with “Security University” do not confuse future students in to believing they will receive a college/baccalaureate type credits. Security University needs to comply with the requirement of SCHEV and consult with SCHEV about revising its brochures, advertising material and administrative documents and policies. Lastly, recognizing that Security University can be considered a small business, this case has highlighted the need for it to have experienced compliance personnel available to ensure it stays in compliance and avoid future audits that would suggest a revocation of Security University’s Certificate to Operate.

[Signature]
David R. Smith
Hearing officer

[Signature]
Mar 10, 2015
Date
COMMONWEALTH of VIRGINIA
Department of Veterans Services
State Approving Agency for
Veterans Education and Training

Annie Walker
Director

Telephone: (804) 225-2083
Fax: (804) 786-0809
annie.walker@dvs.virginia.gov

August 2, 2013

Mr. James Quesenberry
Education Liaison Representative
Veterans Affairs Regional Office
116 N. Jefferson Street
Roanoke, VA 24016

Institution: Security University
510 Spring St., Suite B
Herndon, VA 20170

Facility Code: 4-6-0050-46

Dear Mr. Quesenberry:

This is to advise that the approval of the above named organization is hereby withdrawn to provide certification tests to veterans and other eligible persons based on the withdrawal of the school’s approval due to the below justification:

The school certifying official submitted erroneous enrollment certifications which resulted in the inflation of GI Bill payouts so veterans could receive more entitlements than they would normally be entitled to receive. This pattern of willful inaccuracy was established by interviewing one of the veterans enrolled at Security University under the VRAP program. Mr. David Sipp (VRAP recipient) was interviewed by Mr. McClellan, SAA Senior Regional Manager and Mr. Mark Brenton, Supervisory ELR. Mr. Sipp claims Security University knowingly submitted enrollment certificates for periods that exceeded his actual enrollment periods in order for him to be able to cover the entire costs of the program. This is substantiated by Mr. David Sipp’s email (page 2 & 3) sent to Mr. McClellan on July 22, 2013 and other veterans (VRAP) enrollment certifications submitted by Ms. Sondra Schneider, CEO and Founder of Security University as identified in the chart below:

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AN EQUAL OPPORTUNITY EMPLOYER
900 East Main Street, Richmond, Virginia 23219

www.virginiaforveterans.com
From: David Sipp [mailto:desipp@gmail.com]
Sent: Monday, July 22, 2013 8:02 AM
To: McClellan, Ira (DVS)
Subject: Statement of Events

Dear Mr. McClellan,

Here is my recollection of the interaction with Security University.

- I was let go from JC Penny on September 28th 2012 as part of a larger RIF
- I applied for unemployment with the state of Texas. I inquired with my local unemployment office if there was any training dollars and was informed about the VRAP program
- I applied and was approved for VRAP during October and November
- I was interested in the CISSP certification so I googled for VRAP and CISSP
- I contacted Security University and discussed the CISSP class
- I decided to take two classes, A computer forensics class and the CISSP class
- The school took care of their side to enable my VRAP eligibility for use at Security University
- The school told me they would have to enroll me for a time frame long enough so I would be able to collect enough benefits to cover my expenses. Ultimately, they enrolled me through July of 2013
- I traveled from Frisco Texas to Reston VA. In December of 2012 and took the two classes in consecutive weeks.
- I studied for and passed the CISSP exam on January 3rd 2013
- I secured a position at American Airlines on January 14th 2013 (The CISSP definitely helped)
- A signed into the WAVE system each month and verified my attendance so I could receive the monthly payment of $1,564.00. This is what the school instructed me to do
- As soon as I had collected enough payments from VRAP to cover the expenses, I stopped verify enrollment in May 2013
- I had asked Security University to return my eligibility as I would not be taking any more classes there. I was told they could not do this. I chose to drop the issue
- I have been contacted by Su within the last month and was asked to provide a one line comment on how SU benefitted me personally. I did provide the comment as I did enjoy the training experience at the school and have benefited from the information

I hope this is what you are looking for. I want to assure you I had no intentions of ever doing anything wrong and trusted the school to be providing me guidance within the rules of the program. Please contact me if there are any questions or information you require.

Regards,
David Sipp

A copy of the original email is on page 3
Dear Mr. McClellan,

Here is my recollection of the interaction with Security University:

- I was let go from JCPenny on September 26th, 2012 as part of a larger RIF.
- I applied for unemployment with the state of Texas. I inquired with my local unemployment office if there was any training dollars and was informed about the VRAP program.
- I applied and was approved for VRAP during October and November.
- I was interested in the CISSP certification so I googled for VRAP and CISSP.
- I contacted Security University and discussed the CISSP class.
- I decided to take two classes, a computer forensics class and the CISSP class.
- The school took care of their side to enable my VRAP eligibility for use at Security University.
- The school told me they would have to enroll me for a timeframe long enough so I could be able to collect enough benefits to cover my expenses. Ultimately, they enrolled me through July of 2013.
- I traveled from Frio Texas to Reston VA in December of 2012 and took the two classes in consecutive weeks.
- I studied for and passed the CISSP exam on January 3rd, 2013.
- I secured a position at American Airlines on January 14th, 2013 (the CISSP definitely helped).
- A signed into the WAVE system each month and verified my attendance so I could receive the monthly payment of $1,564.00. This is what the school instructed me to do.
- As soon as I had collected enough payments from VRAP to cover the expenses, I stopped verifying enrollment in May 2013.
- I had asked Security University to return my eligibility so I would not be taking any more classes there. I was told they could not do this. I chose to drop the issue.
- I have been contacted by Su within the last month and was asked to provide a one-line comment on how SU benefitted me personally. I did provide the comment as I did enjoy the training experience at the school and have benefited from the information.

I hope this is what you are looking for. I want to assure you I had no intentions of ever doing anything wrong and trusted the school to be providing me guidance within the rules of the program.

Please contact me if there are any questions or information you require.

Regards,
David Slap

What the school must do:
The school must immediately discontinue all advertisement that indicates that the school is approved for veterans training.
The school may not reapply for approval to provide training to veterans and other eligible persons. Any application request received in our office will be returned to the school without any action.

This decision is final and there is not an appeal process.
Mr. James Quesenberry  
Education Liaison Representative  
Page 4

The authority for this action is Chapter 36 of Title 38, United States Code 3679, which states (among other provisions):

(a) The appropriate State approving agency, after approving any course:

(2) Will immediately disapprove the course, if any of the requirements for approval are not being met and the deficiency cannot be corrected within a period of 60 days.

Reference: CFR21.4252 (h) (1) Courses precluded; erroneous, deceptive, or misleading practices.

(h) Erroneous, deceptive, or misleading practices. For the purposes of this paragraph, “educational institution” includes an organization or entity offering licensing or certification tests.

(1) If an educational institution uses advertising, sales, enrollment practices, or candidate handbooks that are erroneous, deceptive, or misleading by actual statement, omission, or intimation, VA will not approve.

Effective Date of Withdrawal: July 3, 2013

Sincerely,

[Signature]

Annie Walker  
Director

Cc: Ms. Sondra Schneider, CEO Security University
Name: SECURITY UNIVERSITY
Address 1: 12021 SUNSET HILLS
Address 2: 4th FLOOR
Address 3:
City/State/Zip: RESTON, VA 20190
County:
Foreign Postal Code:
State/Province:
Country: USA
Mil. Post Office:
Mil. Address:
Phone: Type Number
Daytime (203) 357-7744
E-Mail: s0ndra@securityuniversity.net
Facility Code: 46005046
Status: Withdrawn on 07/03/2013
Revision Date:
App Law: 3 - Approved For All
Branch Location:
Advanced Payments: N VA Checks To:
Catalog: Catalog Years
Full Time Undergraduate: Full Time Modifier:
Enrollment Limit:
Independent Study/Distance Learning:
Remedial Training:
Air Agency Cert.
Graduate:
Course Limit:
Practical Training:
Title VI: Compliance VA-ONCE: N
QUALITY REVIEW CHECKLIST

Prior to submitting the completed approval letter to the ELR and school officials you should,

☑ Check the date of the letter
☑ Check for correct name and address of institution
☑ Check to ensure the activity action of the letter is correct (Revised Approval, New Approval, etc)
☑ Check to see if the facility code matches
☑ Check the salutation line
☑ Check to ensure that all the programs on the approval letter are listed in the catalog
☑ Compare your approval letter against the current WEAMS for corrective measures
☑ Identify all changes, i.e. hour changes, names changes, new programs, different effective dates, and withdrawn programs
☑ Check to ensure that you have remove all withdrawn programs from the approve program section of the letter
☑ Check the reference line
☑ Check the authority line
☑ Check to ensure the effective date is correct
☑ Check the signature line
☑ Ensure that all attachments are included with the ELR and file copy of the approval letter
☑ Completed Approval Action Form (attach to ELR and SAA approval package)
☑ ELR- Make copy of letter with all supporting documentation including Approval Action Form
☑ SAA-Make yellow copy of letter with all documentation including Approval Action Form
☑ Mail original approval letter to the requesting institution
☐ Approval Certificate Requested

SAA-Quality Review Checklist
Revised 5/13
January 5, 2015

Ms. Sondra Schneider, CEO
Security University
510 Spring Street, Suite 130
Herndon, VA 20170

Dear Ms. Schneider:

This letter is written to advise you that the denial of accreditation by the Accrediting Commission of the Accrediting Council for Continuing Education and Training (ACCET) to Security University was affirmed by the ACCET appeals panel at the December 12, 2014 hearing. The Accrediting Commission denied accreditation to Security University in its letter dated August 21, 2014, citing twelve (12) findings of non-compliance, along with specifying an opportunity to appeal the decision. The institution submitted its request to appeal and subsequently provided its appeals brief and exhibits on November 21, 2014. Upon review of the institution’s brief and exhibits, the panel affirmed the Commission’s findings, as referenced in the enclosed decision of the appeals panel. Therefore, the decision to deny accreditation to the institution is a final action. It is noted for the record that the Commission acknowledged the appeals panel’s decision to deny accreditation to Security University after its consideration of the written record, including the appeals brief and exhibits.

As a closing note, the institution has the opportunity to provide a narrative to the Commission’s action within 15 days of receipt of this letter. ACCET reserves the right to redact any inappropriate or inflammatory comments prior to posting the response on the website. It remains our hope that the accreditation process has served to focus the institution’s resources and commitment towards strengthening its operations through the systematic and effective implementation of policies and procedures that ensure the highest level of quality and integrity.

Sincerely,

William V. Larkin, Ed.D.
Executive Director

WVL/jss

Enclosure: Decision of the Appeals Panel

CC: Mr. Herman Bounds, Chief, Accreditation Division, USDE (aslrecordsmanager@ed.gov)
USDE Accredited School Directory (AccreditedSchoolsList@westat.com)
Ms. Sylvia Rosa Casanova, Director for Private and Out-of-State Postsecondary Educ., VA State Council of Higher Education for Virginia (sylviarosacasanova@schve.edu)
Security University Appeals Panel  
Meeting on Friday, December 12, 2014

Security University  
ACCET ID#1295

Members of the ACCET Appeals Panel:

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<tr>
<td>Mr. Michael Crom</td>
<td>Appeals Panel Chair - Public Member</td>
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<td>Consultant</td>
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<td>Past Chair, ACCET Commission</td>
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<tr>
<td>Lloyd Harbor, NY</td>
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<td>Ms. Nayibe Marino</td>
<td>Institutional Member - Administrative</td>
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<td>Ms. Linda Hanks</td>
<td>Institutional Member - Academic</td>
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Representing Security University:

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<tr>
<th>Name</th>
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<tr>
<td>Sondra Schneider</td>
<td>Founder &amp; CEO, Security University</td>
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<td>Stephen Shannon</td>
<td>Attorney at Law</td>
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<td>Reston, VA</td>
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<td>Brad Boute</td>
<td>Consultant</td>
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Also present:

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<tr>
<td>Kenneth Ingram</td>
<td>Whiteford Taylor Preston</td>
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<td>ACCET Legal Counsel</td>
<td>Washington D.C.</td>
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<tr>
<td>John Shaheen</td>
<td>Staff Facilitator to the</td>
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<td>Associate Executive Director</td>
<td>Appeals Panel</td>
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</table>
December 16, 2015

**In re: Security University #1295**

510 Spring Street
Suite 130
Herndon VA 20170

AFFIRM DECISION

Denial of Accreditation

On Friday, December 12, 2014, the Appeals Panel met to hear the oral presentation of Security University (SU), which began at approximately 9:00 am ET. With the permission of the Chair, SU was permitted to make an audio recording of the presentation and follow up questions. SU was also permitted to extend its oral presentation beyond the 45 minutes provided, until approximately 10:30 am, including time for a series of follow up questions from members of the Appeals Panel, legal counsel, and staff. The Appeals Panel deliberated until approximately 2:30 pm ET.

The Appeals Panel unanimously affirmed the decision, with modifications, of the ACCET Accrediting Commission, dated August 21, 2014 and addendum of September 5, 2014, to deny reaccreditation to Security University.

The Appeals Panel noted a continued lack of clarity in the record relative to the status of SU as an avocational school or a vocational school, and therefore rendered a two-part decision:

A. As a vocational school certified by the State Council of Higher Education for Virginia (SCHEV), and determined as such by ACCET in its Commission Action Letter of April 17, 2014, the Panel affirmed that nine findings are non-compliant: 1) Standard II-A Governance; 2) Standard II-B Operational Management; 3) Standard III-B Financial Procedures; 4) Standard IV-B Program/Instructional Materials; 5) Standard IV-C Performance Measurements and Standard VIII-A Student Progress; 6) Standard IV-E Certification and Licensure; 7) Standard VII-A Recruitment; 8) Standard VII-B Enrollment; and 9) Standard VIII-E Completion and Placement. Two additional findings are partially non-compliant: 1) Standard VI-C Instructor Orientation and Training (faculty meeting minutes do not provide documentation of in-service training) and 2) Standard VIII-B Attendance (late policy is not educationally sound).

B. If SCHEV were to reverse its decision and find that SU is an avocational school and does not require a certificate to operate, the panel affirmed that six findings are fully non-compliant: 1) Standard II-A Governance; 2) Standard II-B Operational Management; 3) Standard III-B Financial Procedures; 4) Standard IV-E Certification and Licensure; 5) Standard VII-A Recruitment; and 6) Standard VII-B Enrollment. Two additional findings are partially non-compliant: 1) Standard VI-C Instructor Orientation and Training (faculty meeting minutes do not provide documentation of in-service training) and 2) Standard VIII-B Attendance (late policy is not educationally sound).

The Appeals Panel acknowledges that the institution has initiated some corrective actions to improve its operation; however these actions were incomplete and without sufficient validation of their systematic and effective implementation prior to the Commission’s August 2014 decision.
decision. Therefore, it is the unanimous decision of the members of the Appeals Panel to affirm the Commission's decision conveyed in the August 21, 2014 action letter.

APPEALS PANEL

By

Mr. Michael Crom
Chairperson

CONCURRING

Ms. Nayibe Marino

Ms. Linda Hanks
decision. Therefore, it is the unanimous decision of the members of the Appeals Panel to affirm the Commission's decision conveyed in the August 21, 2014 action letter.

APPEALS PANEL

By ____________________________

Mr. Michael Crom
Chairperson

CONCURRING

______________________________

Ms. Nayibe Marino

Ms. Linda Hanks
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APPEALS PANEL

By ____________________________

Mr. Michael Crom
Chairperson

CONCURRING

[Signature]

Ms. Nayide Marino

[Signature]

Ms. Linda Hanks
Security University’s Brief in Support of the Hearing Officer’s Decision

I. Introduction

For the reasons set forth below, Security University (“SU”) joins in the recommendation of both the Hearing Officer appointed by the Supreme Court of Virginia, and SCHEV staff in its Agenda Item submitted to the Council on March 16, 2015, that SU’s Certificate to Operate not be revoked. SU also joins in SCHEV staff recommendation of a monitoring program prior to a March 31, 2017 Audit.

II. Background

SU has been SCHEV Certified to Operate since 2005. SU is recognized as the leading provider of instructor led, hands-on, performance-based, Cyber Security and Information Assurance training with NSA approved curriculums. More than 23,000 students have enrolled in 37 information security training certification classes at SU. During this time, not one student has complained about being misled by its refund policy, whether they were going to receive a degree or college type credit, or whether the courses they took at SU would in fact help them sit for certain exams. Moreover, no student ever claimed to be a victim of a predatory practice of SU. Notwithstanding this, SCHEV staff issued an Audit in 2014 which alleged 7 violations and recommended the extreme recourse of revoking SU’s Certificate to Operate. The litany of allegations made by SCHEV staff, most of which were denied by the Hearing Officer, caused irreparable harm to SU’s accreditation status and reputation.

Pursuant to 8 VAC 40-31-220, SU requested an informal fact finding conference (“IFF”) which was held on May 1, 2014 and was led by SCHEV’s Director of Academic Affairs, Joe DeFilippo, POPE Director, Sylvia Rosa-Casanova, and Compliance Auditor, Josephine Wright. Following the IFF, SCHEV staff again recommended decertification although it later retracted that recommendation.

Pursuant to 8 VAC 40-31-220(B), SU then requested a formal hearing before a hearing officer and the matter was scheduled before Hearing Officer Smith on December 10, 2014 (the “December Hearing”). Prior to the December Hearing, SU and SCHEV each submitted briefs for the Hearing Officer’s consideration. The December Hearing lasted more than 7 hours. SU presented 6 witnesses and 23 exhibits. SCHEV presented 2 witnesses and 19 exhibits. All witnesses were subject to direct examination and cross examination.

On March 10, 2015, the Hearing Officer issued a 22-page Findings of Fact, Conclusion, Decision and Recommendations (the “Decision”). In his Decision, the Hearing Officer analyzed

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1 Attached as Exhibit 1 is a copy of the Hearing Officer’s Decision.
the evidence presented to him and addressed every alleged violation. He disagreed with nearly all alleged violations and concluded that SCHEV’s recommendation to revoke SU’s Certificate to Operate “is not warranted and based on the facts as set forth herein would be overreaching.” (Decision, p. 21) (emphasis added).

SCHEV then placed this matter on its March 16, 2015, Agenda for the Academic Affairs Committee. Prior to the March 16, 2015, Hearing, SCHEV presented the Council with its Agenda Item. The Agenda Item quoted selected portions of the Hearing Transcript and attached its Response to SU’s Opposition of the 2014 Audit but not SU’s Brief in Opposition. The Agenda Item also misstated the burden of proof applicable to these proceedings. Of note, it was not SCHEV’s burden that was not met. It was SU’s burden to show that it was in compliance and the Hearing Officer found that it was substantially in compliance. Moreover, the Agenda Item suggests that the Hearing Officer ruled in favor of SU for the limited reason that SCHEV did not prove that SU knowingly violated regulations. As addressed below, most of the issues decided were based on SCHEV staff’s allegations which were not supported by the evidence and in other cases, SCHEV staff’s reliance on particular regulations which was incorrect.

Putting aside SU’s dispute with SCHEV’s characterization of the alleged violations and the Hearing Officer’s rationale for the Decision in the Agenda Item, it is more important to note that SCHEV acknowledged in writing it was no longer requesting a revocation. Instead, it recommended that SU’s Certificate to Operate not be revoked and instead continue with limited conditions which would not be in the nature of a penalty: that SU be placed on a monitoring program to assist with compliance, that SCHEV shall provide information reports to assist SU, and that no audit shall take place until March 31, 2017.

SU understands that SU’s Certificate to Operate is being considered by the Council on April 6, 2015. It asks that the Council adopt the Hearing Officer’s Decision. Specifically, SU asks that the Council not revoke its Certificate to Operate as it is against the Hearing Officer’s Decision, is against the recommendation in SCHEV’s Agenda Item, and as explained below, is against the evidence presented at the December Hearing.

In the event that the Council rejects the recommendations of the Hearing Officer and SCHEV staff – which would be unprecedented – the financial impact on SU and Virginia’s workforce would be immense insofar as SU has been awarded a $2.75 million Capacity Building Grant to train 660 transitioning soldiers into IT security professionals, which would be in jeopardy.

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2 Attached as Exhibit 2 is a copy of SU’s Brief in Opposition to the 2014 Audit with the Exhibits omitted.
III. Argument

A. Allegation #1: Violation of 8 VAC 40-31-160(N)(1)-(13)

SCHEV’s 2014 Audit alleged that SU’s refund policy as stated in its Staff Handbook and Course Catalogue was not in compliance with the Virginia Administrative Code but that its Student Handbook was. The Hearing Officer found that while these two documents, as written, were not in compliance, this was due to editorial oversight and was not done knowingly or willfully. Of note, at the December Hearing, SCHEV witness Sylvia Rosa-Casanova acknowledged that the refund policy as stated in the two documents was merely due to editorial oversight. And the Hearing Officer noted in his decision that he found the testimony of SU witness and founder Sondra Schneider credible in finding that this was not a willful violation.

Lastly, the evidence presented in the December Hearing, as acknowledged by the Hearing Officer, showed that in practice there was no violation as SU has never denied a student a full refund and in fact has given 9 full refunds. (Hearing Transcript, pp. 139-141). Because the refund policy was compliant in its practice, and because no student was harmed, SU submits that revoking its Certificate to Operate would be, as the Hearing Officer stated, “overreaching.”

B. Allegation #2: Violation of 8 VAC 40-31-160(D)

SCHEV alleged that SU does not follow its own admissions policy. The Hearing Officer correctly rejected this argument and found that there was no violation. Specifically, the Hearing Officer referenced Ms. Schneider’s testimony that a student must have an understanding of TCP/IP before being admitted and noted that this was corroborated by SU Exhibit 8 (an email from a prospective student who was advised to seek courses at a community college in information security before applying); former SU student Chris Mercer (who testified that he explained his TCP/IP background prior to being admitted); and current SU student Helen Reynolds (who testified about her 20 years of experience in TCP/IP prior to applying to SU).

SU agrees with the Hearing Officer’s finding that there was no violation with regard to its admission policy.

C. Allegation #3: Violation of 8 VAC 40-31-150(C)(1)

SCHEV alleged that SU failed to meet the standards of training in the field in violation of 8 VAC 40-31-150(C)(1). The Hearing Officer properly rejected this argument and found that “Security University has met its burden that it offers courses of study that conform to state, federal, trade or manufacturing standings of training for the occupational fields in which Security University was chartered to provide.” (Decision, p. 11).

3 Attached as Exhibit 3 is a copy of the December Hearing Transcript.
Specifically, the Hearing Officer cited the testimony of SU’s witness Tony Sager, a former National Security Agency (“NSA”) employee of 34 years who at the peak of his career ran all the NSA Information Assurance Directorate security testing organizations. Mr. Sager testified that, inter alia, SU was one of the places the NSA would look to for training its employees. (Decision, p. 11; Hearing Transcript, pp. 45-46). The Hearing Officer also cited SU Exhibit 10 (certificates from the Committee on National Security Systems and NSA Security) to support the finding that SU’s course work met the requirements for the information security fields that SU teaches. And lastly, the Hearing Officer emphasized that like all alleged violations, there have been no complaints by students to SCHEV that SU had not provided the training necessary to meet the standards of training in the field. (Decision, p. 11; Hearing Transcript, p. 104).

SU agrees with the Hearing Officer’s finding that there was no violation with regard to its teaching to standards in the field.

D. Allegation #4: Violation of 8 VAC 40-31-160(K)(2)

8 VAC 40-31-160(K)(2) states that students must be provided with current and accurate information and that no school “shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.” (emphasis added). SCHEV alleged 5 separate violations under this section, and the Hearing Officer properly found that at a minimum, the evidence did not show that SU knowingly made any inaccurate statement and therefore there was no violation. Each of these alleged violations are addressed below.

1. Graduate Certificate or Master Certificate

The Hearing Officer properly rejected SCHEV’s allegation that SU’s use of the terms “Graduate Certificate” or “Master Certificate” violates 8 VAC 40-31-160(K)(2).

In the December Hearing, SCHEV admitted that it was unable to cite any regulation which supports its claim that a non-degree conferring institution cannot use such terms and the Hearing Officer properly found that the regulations do not prohibit the use of these terms. (Hearing Transcript, pp. 273-74; Decision, p. 15). Moreover, the Hearing Officer cited SU Exhibits 15 and 25 and found that SU provided “appropriate examples of institutions providing postsecondary certificates similar to that which Security University provides its students.” (Decision, p. 14).

Accordingly, the Hearing Officer correctly found that there was no violation of 8 VAC 40-31-160(K)(2).
2. "No Classroom Needed"

SCHEV alleged that the use of the phrase "No Classroom Needed" is misleading because a student may be misled to believe that the classes were only online. The Hearing Officer properly rejected this argument.

As acknowledged by the Hearing Officer, this language was inserted on a brochure by SU as an advertisement to highlight that SU’s education resources and quizzes would be available to students on new furnished iPads. As also acknowledged by the Hearing Officer, SCHEV’s witness Ms. Rosa-Casanova admitted at the December Hearing that this language was not created to be knowingly misleading but instead was inadvertent. (Hearing Transcript, p. 275). The Hearing Officer also stressed that there were no student complaints on this issue and that Security University has since removed the language from the brochure.

Accordingly, the Hearing Officer correctly found that there was no violation of 8 VAC 40-31-160(K)(2).

3. 98% Pass Rate

The Hearing Officer also properly rejected SCHEV’s argument that SU’s reference to a 98% pass rate is misleading.

The Hearing Officer cited SU witness Brad Boute as providing credible testimony in support of the 98% pass rate. Moreover, the Hearing Officer found SU witness Ms. Schneider credible in her testimony about data collected in support of this number. Lastly, the Hearing Officer correctly found that SCHEV witness Ms. Rosa-Casanova testified that she does not recall requesting documentation in support of this pass rate claim.

The Hearing Officer correctly found that "there was sufficient evidence that the claim of a 98% passing rate as asserted by Security University is supportable" and correctly rejected the alleged violation.

4. Credits

The Hearing Officer properly found that there is "no evidence that 8 VAC 40-31-160(K)(2) prevents Security University from using the term [credit] even though it is not a degree conferring institution." (Decision, p. 15).

At the December Hearing, SCHEV admitted that the regulation does not specify that the word "credit" is only to be used by degree granting institutions and admitted it was "in agreement" with SU on the issue. (Hearing Transcript, p. 280).

The Hearing Officer specified that he did not find a violation of this regulation and properly did so.
5. **Legitimate Provider with CISSP Training**

The Hearing Officer properly rejected SCHEV’s allegation that SU is being misleading because it is not a legitimate provider with CISSP Training and found that there was no violation.

In doing so, the Hearing Officer again stressed the importance of the fact that no student has ever complained about any confusion on this issue. Moreover, the Hearing Officer found that there was no citation to a provision of the Virginia Administrative Code which would require a formal relationship between SU and CISSP. Lastly, SU presented case law at the IFF and the December Hearing which stated that “[i]t is undisputed that Security University is allowed to use the CISSP certification mark in its advertising” and that it is undisputed that SU has a right to identify that its services are directed towards preparing for the CISSP exams. (SU Exhibit 11).

**E. Allegation #5: Violation of 8 VAC 40-31-160(E)(2)(4)**

SCHEV’s 2014 Audit alleged that SU failed to properly maintain student records as transcripts to be instantaneously provided. Although the evidence showed that SU has maintained records permanently since its inception in 1999 in compliance with the Virginia Administrative Code and has repeatedly offered to present transcripts upon request, the Hearing Officer found that when SU failed to provide transcripts instantaneously during the 2014 Audit, it was in violation of the Code. SU respectfully disagrees with this finding and again offers to produce any transcript upon request within a reasonable time.

**F. Allegation # 6: Violation of 8 VAC 40-31-150(B)**

The Hearing Officer properly rejected SCHEV’s contention that SU’s use of the term “unlimited” in conjunction with fixed price discount for classes violated the requirements of the Virginia Administrative Code.

The Hearing Officer noted that (1) SU has since removed the term “unlimited” from its marketing materials and (2) there should be no concern about misleading individual students because only organizations have taken advantage of the offer. (Decision, p. 17).

The Hearing Officer correctly found that SU did not violate 8 VAC 40-31-150(B).

**G. Allegation # 7: Violation of 8 VAC 40-31-10**

Lastly, SCHEV claimed in its 2014 Audit that SU is intentionally ambiguous about its non-degree status and in support of this allegation refers to SU using the word “University” in its name.

The Hearing Officer properly found that “it would be improper to now penalize Security University for using the word ‘university’ in its name when prior authorization was given.”
(Decision, p. 18). Moreover, the Hearing Officer cited several SU witnesses who testified that they were never confused by the name. (Id.)

SU concurs with the Hearing Officer’s rejection of this alleged violation.

**H. Miscellaneous Allegations Raised by SCHEV**

In Item No. 2 of its submission to Council, SCHEV raises issues regarding the Connecticut Department of Higher Education, Virginia Department of Veterans Services, and ACCET (the “Miscellaneous Allegations”). Raising these issues (or non-issues) at this stage is merely pretext as the original letter from Dr. DeFilippo to SU itemizing the grounds for which SCHEV sought to revoke SU’s Certificate to Operate, listed 7 items, none of which related to the Miscellaneous Allegations. Consistent with this, in closing argument, SCHEV counsel stated that “the analysis in this case is really pretty simple; it’s on each of these numbered findings [in the 2014 Audit.] Has [SU] complied with the regulation that’s identified by SCHEV in its 2014 Report of Audit.” (Hearing Transcript p. 322). None of these numbered findings address these Miscellaneous Allegations presented today.

Raising the Miscellaneous Allegations seems perplexing given that SCHEV staff’s recommendation on its March 16, 2015, Agenda Item was to not revoke SU’s Certificate to Operate and there have been no negative interactions with SU in the interim. The nature of these charges seems as if SCHEV staff wants the Council to reject its recommendation and the Hearing Officer’s recommendation, which is most likely unprecedented in the history of SCHEV.

SCHEV argued in its Response Brief and at the December Hearing that the Connecticut Department of Higher Education communicated with SU back in 2009 about improperly using the term “university” in its name and that this is somehow relevant to its compliance at issue here. This occurred because Connecticut incorrectly believed that SU was offering classes in Connecticut, which was easily disproved. Therefore Connecticut regulations were inapplicable. While SU has always been located in Virginia, Ms. Schneider maintains a residence in Connecticut and listed her Connecticut address and cellular phone number on a government document for purposes of contact information. (Hearing Transcript, pp. 110-113, 167-68). Once the Connecticut Department of Higher Education realized that SU does not operate out of Connecticut, this matter was resolved. This was at least 4 years ago and was never an issue raised by SCHEV in its Audits.

Up until this point, SU has tried to avoid singling out personnel at SCHEV by name, but a proper response to the remaining Miscellaneous Allegations requires SU to discuss the actions of Ms. Rosa-Casanova. We must underscore that SU wants to have a good relationship with

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4 Attached as Exhibit 4 is a copy of the letter from Dr. DeFilippo.
SCHEV personnel, which is why it continues to attend SCHEV classes focused on compliance even during this time.

As another Miscellaneous Allegation, SCHEV claims that the withdrawal of approval of certification from the Virginia Department of Veterans Services should be considered. This event did not happen in isolation of SCHEV staff. (Hearing Transcript, pp. 240-253). The evidence showed that in 2008-2009, SCHEV inadvertently and incorrectly removed most of SU’s classes from its approved list. The result was that SU’s new state approving agent for the Virginia Department of Veterans Services incorrectly found that SU was enrolling students in classes not approved by SCHEV using GI Bill or VRAP money. Unfortunately, Ms. Schneider had several heated discussions about this issue with Ms. Rosa-Casanova and the state approving agent, Ira McClellan. This resulted in the Virginia Department of Veterans Services raising a second finding as to whether SU erroneously submitted enrollments which resulted in the inflation of GI Bill payouts to a VRAP benefit student.

Ms. Schneider complained about Ms. Rosa-Casanova to SCHEV human resources and later to Dr. DeFilippo on at least two occasions. After an extended back and forth between Ms. Schneider and Ms. Rosa-Casanova, on July 29, 2013, she conceded SCHEV’s mistake although would not take full responsibility. This seemed to have resolved half of the issues with the state approving agent, where Ms. Schneider could then focus solely on disproving the second issue.

Without further discussion and four days later, the Department of Veterans Services sent a letter to the Veterans Affairs Regional Office informing it that it was withdrawing its approval and indicating there was no appeal process for SU. (SCHEV Ex. 18, stating “this decision is final and there is not an appeal process”). The December Hearing was the first opportunity SU has ever been given to present its position to a Virginia government official, which is relevant since the Hearing Officer did not make a finding against SU on this issue. (Hearing Transcript, pp. 150-57).

The incorrect information about SU’s invalid classes was also conveyed to ACCET, which resulted in the accrediting agency initiating a show cause action in 2013 and ultimately a final adverse denial of reaccreditation action in 2015. ACCET was discussed throughout the December Hearing, the Hearing Officer was aware of the issues, and both SCHEV and SU were notified of ACCET’s final decision on or about January 5, 2015, prior to SCHEV submitting additional information to the Hearing Officer for consideration. To suggest that the Hearing Officer overlooked the issue is unfounded.

SCHEV has raised the vocational/avocational issue in two briefs, stating opposite positions. In today’s Brief, it argues that SU is vocational. In its previous Brief, it argued that SU has been accredited as an avocational school (Response, p. 9). This last issue seems to be

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5 Attached as Exhibit 5 is a copy of the letter from Ms. Rosa-Casanova.
intended to have the Council give up and conclude that there are no clear answers. After over 7 hours in an adversarial proceeding before a judicial officer in which SU prevailed on almost every issue, there are clear answers.

IV. Conclusion

It is important to note that the Hearing Officer had 90 days to come to his Decision. And it is apparent from his Decision that he spent a significant amount of time reviewing the record and analyzing the testimony and exhibits before him. After this in-depth analysis, the Hearing Officer came to the conclusion that a revocation would be “overreaching” and stated on three different occasions in his Decision that a revocation would be unwarranted. Instead, the Hearing Officer recommended the following:

- SU revise its language concerning its refund policy to match its policy which is in compliance;
- SU continue not to use the phrase “No Classroom Needed;”
- SU revisit the manner in which it records pass/fail statistics;
- SU review its use of the words “graduate” “masters” and “credits” to make sure they do not confuse students; and
- SU consult with SCHEV about revising its documents.

Thereafter, SCHEV staff in its Agenda Item retracted their original recommendation and asked in writing that SU instead be put on a monitoring program which would not be in the nature of a penalty.

SU joins in the Hearing Officer’s recommendation above and also joins in SCHEV’s additional recommendation that SU maintain its Certificate to Operate and allow SCHEV staff to place SU on a monitoring program prior to an audit which would not take place prior to March 31, 2017.

SU thanks the Council for its consideration.
Respectfully Submitted,

Stephen C. Shannon, Esq., VSB No. 44533
Margaret M. Marks, Esq., VSB No. 76819
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Steve.Shannon@ofplaw.com
Margaret.Marks@ofplaw.com
Counsel for Security University

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of April 2015, a true and correct copy of the foregoing was served by first class mail and electronic mail upon:

Mike F. Melis, Esq.,
Ramona L. Taylor, Esq.
Assistant Attorney General
Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
mmelis@oag.state.va.us
RTaylor@oag.state.va.us
Counsel for SCHEV

Stephen C. Shannon, Esq.
FINDINGS OF FACT, CONCLUSIONS
DECISION AND RECOMMENDATIONS

I. INTRODUCTION

A. Procedural Background.

This matter is the result of an audit of Security University located in Herndon, Virginia ("Security University"), which audit was conducted by the staff of the State Council of Higher Education in Virginia ("SCHEV"); the audit was conducted on January 30-31, 2014. The purpose of the audit was to determine if Security University was in compliance with the regulations administered by SCHEV. As a result of the audit, SCHEV concluded that Security University was not in compliance with the regulations it administered and recommended that Security University’s charter to operate in Virginia be revoked. Representatives of SCHEV and Security University engaged in an “Informal Fact Finding” ("IFF") conference on May 1, 2014; however, the noncompliance issues were not resolved to SCHEV’s satisfaction; therefore, SCHEV continue to recommend that Security University’s charter be revoked, prompting Security University to request a hearing before a hearing officer.
On July 15, 2014, pursuant to §2.2-4020 of the Code of Virginia, the undersigned was appointed as the hearing officer to recommend finding of facts and a decision, to include conclusions and a recommendation addressing SCHEV’s assertion that Security University is in violation of various sections of the Virginia Administrative Code administered by SCHEV.

A pre-hearing conference call was held on October 24, 2014 in which the parties agreed to hold the hearing on December 10, 2014. Prior to the actual hearing, the parties exchanged their respective list of witnesses and exhibits on December 5, 2014.

B. Witnesses and Exhibits:

On the day of hearing and prior to the beginning of testimony, the representatives of SCHEV and Security University discussed the transcription of the Informal Fact Finding Hearing (“IFF”), which was held on May 1, 2014. The written transcription of the IFF was included in Security University’s Exhibits submitted on December 5, 2014 as Exhibit No. 5. SCHEV submitted a CD Audio version of the IFF. (SCHEV Ex. 4). The initial transcription did not have the correct names associated with the party actually speaking at the IFF hearing. The updated Exhibit 5 corrected this and was admitted to the record with no objection. All other documents that the parties had exchanged on December 5, 2014 that were to be considered as part of the record were admitted; however, at the hearing, Security University introduced two additional exhibits that were admitted without objection as Exhibits 24 and 25.

The exhibits referenced herein will be identified as SCHEV Exhibit (“SCHEV Ex. 1 - ___”), or Security University Exhibit (“SU Ex.1 - ___”).

The witnesses who testified at the hearing for the parties were as follows:

Security University:
- Mr. Chris Mercer
- Ms. Helen Reynolds
- Mr. Tony Sager
- Mr. Ken Cutler
- Mr. Brad Boute
- Ms. Sondra Schneider
C. The Record:

The Record in this matter consists of the following:

1. The October 24, 2014 Pre-hearing conference call memorandum;


3. Security University's Opposition to SCHEV's March 14, 2014 Audit;

4. SCHEV's Response to Security University's Opposition to March 14, 2014 Audit dated December 5, 2014;

5. The list of witnesses and exhibits submitted on December 5, 2014 by Security University, (Exhibits 1 through 23 and Exhibits 24 and 25 admitted at the hearing);

6. The list of witnesses and exhibits submitted on December 5, 2014 by SCHEV (Exhibits 1 through 19);

7. The Transcript of the December 10, 2014 hearing ("Transcript," or "Tr.");

8. Security University's Proposed Findings of Fact and Conclusions and Statement of Reasons dated February 25, 2015, submitted pursuant to 8 VAC 40-31-220(D);

9. SCHEV's proposed Findings of Fact and Conclusions dated March 4, 2015, submitted pursuant to 8 VAC 40-31-220(D);

D. Relevant Authority:

i) VA Code § 23-276.3; 8 VAC 40-31-200 (D)

ii) Regulations pertaining to allegations of Security University's Non-Compliance:

(1) 8 VAC 40-31-160(N) (1-13): Among other things states: "The school shall establish a tuition refund policy and communicate it to students.
(2) 8 VAC 40-31-160(D): "The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school."

(3) 8 VAC 40-31-150(C)(1): "Courses of study conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which Security University standards have been established or conform to recognized training practices in those fields."

(4) 8 VAC 40-31-160(K)(2): "All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials. No school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school."

(5) 8 VAC 40-31-160(E)(2)(4): "The postsecondary school shall maintain records on all enrolled students. These records shall include: A transcript of the student's academic or course work at the school, which shall be retained permanently in either hard copy forms or in an electronic database with backup."

(6) 8 VAC 40-31-150 (B); "The course program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective."

(7) 8 VAC 40-31-10 (Definitions): "University" means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.

II. Pursuant to Va. Code § 2.2-4020(C), Security University has the burden of proof in this matter.

III. FINDINGS OF FACTS

1. Security University is in the business of providing cybersecurity/information security education and training and has done so since 1999. (Tr., pg. 86-87). Security University received its Certificate to Operate in Virginia from SCHEV in 2006 (Tr. pg. 252).

2. The average age of students who have attended classes at Security University ranges from thirty-Five (35) to Fifty-Five (55). (Tr. pg. 90). During the time period in which Security University has operated over 23,000 students have enrolled in classes offered by Security University. (Tr. pgs. 254).
3. In accordance with Va. Code §23-276.3, SCHEV has the duty to protect students pursuing postsecondary educational opportunities from predatory practices. (Tr. pg. 175). SCHEV’s Private and Out-of-State Postsecondary Education (“POPE”) division is responsible for certifying and monitoring both private and out-of-state postsecondary schools in Virginia (Tr. pg. 174), this responsibility includes ensuring schools are complying with applicable Virginia statutes and regulations. (Tr. pgs. 175-176).

4. Security University’s certification is to operate in Virginia as a vocational postsecondary institution. Security University does not offer college type credits such as those permitting a student to obtain a college baccalaureate degree; but rather, Security University is a non-degree granting institution (Tr. pg. 63).

5. On January 30-31, 2014, SCHEV conducted an audit of Security University in accordance with 8VAC 40-31-200 (D) of the Virginia Code. The report of the audit was completed on March 14, 2014 (“2014 Audit”), (SU Ex. 7; SCHEV Ex. 13). SCHEV conducted the 2014 Audit due to a notice from the Virginia Department of Veteran’s Services of its decision to withdraw Security University’s approval to provide courses to veterans (Tr. Pg. 177; SCHEV Ex. 18). The 2014 Audit was also due to information that SCHEV received from ACCT, Security University’s accreditation agency. (Tr. pg. 177).

6. The 2014 Audit was sent to Security University in a cover letter dated March 14, 2014 which advised Security University that SCHEV would be seeking to revoke Security University’s Certificate to Operate, pursuant to Title 23, Chapter 21.1 §23-276.6 of the Code of Virginia. The basis for this decision was SCHEV’s conclusion that Security University had failed to maintain compliance with Virginia regulations. (SCHEV Ex. 1; SU Ex. 7).
7. Security University was also advised that pursuant to 8 VAC 40-31-220 it was entitled to an informal fact finding ("IFF") conference, for it to present information that may have a bearing on the action proposed by SCHEV (SCH EV Ex. 3). Pursuant to 8 VAC 40-31-220.

8. Security University requested an informal fact finding conference ("IFF") which was held on May 1, 2014. Attendees at the IFF were from SCHEV, Dr. Joseph DeFilippo, and Director of Academic Affairs at SCHEV, Ms. Sylvia Rosa-Casanova, Director, Private and Out-of-State Postsecondary Education for SCHEV, Ms. Josephine Wright, Compliance Investigator for SCHEV and Ms Sandra Freeman. Participants for Security University were Ms. Sondra Schneider, owner and founder of Security University and Ms. Florence Tate, Security University consultant. (SU Ex. 5; SCH EV Ex. 4).

9. Security University was not able to present information at the IFF that persuaded SCHEV to not seek the revocation of its Certificate to Operate (SCH EV Ex. 5).

10. By letter dated June 18, 2014, (SCH EV Ex. 7), Security University was advised of the findings outlined in SCHEV's 2014 Audit that recommended Security University's Certificate to Operate in Virginia be revoked. Security University was also advised it had the right to request a formal hearing before a hearing officer assigned by the Virginia Supreme Court pursuant to 8 VAC 40-31-220(B). (SCH EV Ex. 1; SU Ex. 7).

11. SEHEV had previously conducted an audit of Security University in 2011 ("2011 Audit"), (SCH EV Ex. 13; SU Ex. 6), with a follow-up audit in 2012. (SCH EV Ex. 16). The audits were conducted pursuant to 8 VAC 40-31-200 (D). The 2014 Audit listed seven (7) allegations of non-compliance by Security University resulting in the SCHEV staff recommending that Security University’s certificate to operate in Virginia be revoked. (SU Ex. 7; SCH EV Ex. 1).
VIOLATION NO. 1: "The Refund Policy in Violation of Virginia Regulation (Repeat Violation)"

8VAC 40-31-160(N) (1-13): The school shall establish a tuition refund policy and communicate it to students.

12. The first violation listed in the 2014 audit was that Security University was out of compliance with the tuition refund policy. The refund policy was also an issue before SCHEV in the 2011 audit (Tr. pg. 135). As a result of the 2011 audit, Security University divided its original documentation providing information about it and the courses it offers from a single document into three (3) separate documents; a Student Handbook (SU Ex. 3; SCHEV Ex. 9), Staff Handbook (SU Ex. 4; SCHEV Ex. 10) and a Catalogue (SU Ex. 2; SCHEV Ex. 11).

13. SCHEV determined that Security University’s refund policy as stated in its Staff Handbook Course Catalogue were in violation of 8 VAC 40-31-160 (N), that, among other things, requires that “The school shall establish a tuition refund policy and communicate it to students.” SCHEV concluded the information about the refund policy was misleading because different language was in the documents Security University created. Even though the Staff Handbook and Catalogue were determined to be non-compliant Security University’s Student Handbook contained a compliant refund policy. (Tr., pg. 184-185, 192).

14. The Course Catalog and Staff Handbooks as written, are not in compliance for stating a refund policy different from what is stated in the regulations (Tr. pgs. 183-186), but were due to an "editorial oversight." For example, Security University’s refund policy as set forth in the Course Catalog and Staff Handbook requires 20 business day notice prior to the start of class to receive a full refund; assesses a 25% cancellation fee if the student cancels less than 10 business days before the start of a class; assesses a 50% cancellation fee if the student cancels less than 5 business days before the start of a class; assess a 100% no show fee if the student does not attend the class at all; provides place in a future
class of the same topic without additional fees if a student must withdraw due to a medical emergency; provides the student with the opportunity to request a refund of 25% if the student must leave prior to attending the third day of class. (SCHEV Ex. 1; SU Ex. 7). The hearing officer finds this language to be non-compliant with the applicable regulation.

15. Virginia regulations requires the following for a program of 40 hours in length: a 75% refund for less than 10 hours, 50% refund for 10 hours but less than 20 hours; 25% refund for 20 hours but less than 30 hours and no refund for 30 hours or more (2014 Audit; SCHEV Ex. 1; SU Ex. 7). The hearing officer finds the language in the Staff Handbook and Catalogue are noncompliant with the regulations.

16. Notwithstanding a finding of noncompliance with regard to the Catalog and Staff Handbook, there is no finding that that the non-compliance was knowingly or willfully committed, but were inadvertent and not deliberate (Tr. pg. 275).

17. Even though there are inconsistency in the three (3) documents that Security University produced that describe a refund policy, there have been nine (9) requests for a refund from Security University since 1999 and none of the requests for a full refund were denied (Transcript pgs. 139-141). Furthermore, there have been no complaints from a student to SCHEV concerning the Security University refund policy. (Tr. pg. 254).

18. As stated herein and in the 2014 Audit, the Course Catalog and Staff Handbook are noncompliant with the Virginia Regulations with regard to the student refund policy; however, the 2014 Audit did not state that the non-compliance was knowingly or willful committed (Tr. pg. 184-185, 192, 275) and the hearing officer finds credible the testimony of Ms. Schneider that the noncompliant refund policy was not a willful violation of the regulations.
VIOLATION NO. 2: Institution Does Not Follow Its Own Admissions Policy.

8 VAC 40-31-160(D): “The postsecondary school shall have, maintain, and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school.”

19. The 2014 Audit states, among other things that Security University is noncompliant with 8 VAC 40-31-160 (D) in that it does not follow its own Admissions Policy. SCHEV concluded that Security University’s Student Handbook (SCHEV Ex. 9 at 27; SU Ex. 3), Catalog (SCHEV Ex. 11; SU Ex. 2) at last number page) and Staff Handbook (SU Ex. 4; SCHEV Ex. 10, at 14th unnumbered page from the rear) contained admissions policies that applied to students intending to register for Security University classes.

20. During the 2014 audit, SCHEV requested to see files from randomly selected students to determine if the files document the student’s eligibility and application requirements for admission to show consistency with Security University’s practice (Tr. pgs. 192-193); however, no files were provided (Tr. pg. 195).

21. Security University disputed the allegation of noncompliance with regard to failing to maintain minimum requirements for eligibility for admission. Ms. Schneider (Transcript pg. 90) stating Security University has a minimum requirement that a prospective student must have an understanding of “TCP/IP,” before being admitted to attend one of Security University’s 5-Day courses. (Tr. pg. 98); Security University Ex. 9). One prospective student who did not have this TCP/IP background was advised to seek education courses at a Community College in information security before applying to Security University. (Tr., pgs. 98-99; SU Ex. 8).

22. Security University’s admission policy with regard to the requirement for a background in TCP/IP was presented through testimony of Mr. Chris Mercer, a former Security University student, who testified that he explained his TCP/IP background prior to being admitted into Security University
Additionally, Ms. Helen Reynolds a current student at Security University also testified about her 20 years of experience in TCP/IP prior to enrolling at Security University. (Transcript pg. 26).

The hearing officer finds the testimony of Mr. Mercer and Ms. Reynolds credible and that Security University follows its admissions policy with regard to student admission concerning their needing to know TCP/IP as a prerequisite to being admitted into Security University.

**VIOLATION # 3: Institution Does Not Meet Standards of Training In the Field.**

8 VAC 40-31-150(C)(1): "Courses of study conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which Security University standards have been established or conform to recognized training practices in those fields."

23. SCHEV made a finding in the 2014 Audit that "Security University teaches courses billed as leading to certifications provided by external organizations, (Tr. pgs. 201- 202), but that Security University failed to meet the standards of training in at least eleven of its program offerings. (SCHEV Ex. 1; SU Ex. 7).

24. The 2014 audit report lists eleven (11) Security University programs that it states as leading to certification by external organizations; however, SCHEV concluded that the external organizations referenced by Security University do not recognize Security University as a training provider or that the training offered by Security University is sufficient to obtain a certification (Tr. pgs. 203-206).

25. There were no documents submitted for the hearing officer to consider as part of this Findings of Fact, from the external organizations either confirming or denying whether the training offered by Security University was acceptable in terms of a student receiving a certificate in the cybersecurity or information security fields. SCHEV's 2014 Audit lists the eleven (11) areas, heading as "Deficiency noted;" (SCHEV Ex. 1; SU Ex. 7). However, even though the organizations referred to in the 2014 Audit have not indicated they recognized Security University as a training provider or
verified that the training provided by Security University is sufficient to obtain a certification, there was no evidence that a student trained by Security University could not sit for an examination leading to a certification offered by the institutions listed. (Tr. 204-205). Mr. Ken Cutler, a teacher at Security University since 2011 testified credibly that no student had complained to him about not obtaining a degree by taking courses at Security University (Tr. pg. 63).

26. Security University disputed the allegation of noncompliance and presented Mr. Tony Sager, a former National Security Agency ("NSA") employee of 34 years, who testified that Security University was one of the places the NSA would look to for training its employees (Transcript, pgs. 45-46). The hearing officer finds the testimony of Mr. Sager credible.

27. Security University also presented certificates from the Committee on National Security Systems ("CNSS") and NSA Security (SU Ex. 10) supporting Security University’s contention that its course work met the requirements for the information security fields Security University teaches. (Transcript, pgs. 41-42).

28. There have been no complaints by students to SCHEV that Security University had not provided training necessary to meet the standards of training in the field of study the student had attended Security University for. (Tr., pg. 104). The record supports and the hearing officer finds that Security University has met its burden that it offers courses of study that conform to state, federal, trade, or manufacturing standards of training for the occupational fields in which Security University was chartered to provide.

VIOLATION #4: Course Catalog Contains False, Inaccurate or Misleading Information.

8 VAC 40-31-160(K)(2): “All recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials. No school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.”
29. The 2014 Audit stated that Security University was in violation of 8 VAC 40-31-160(K)(2). SCHEV based the allegation of noncompliance in that Security University uses in its brochure (SU Ex. 1; SCHEV Ex. 8) phrases such as: "Advance your degree with "Q/ISP IA Cybersecurity Graduate Certificate," "Q/ISP Cybersecurity Graduate or Master Certificate;" "no classroom needed." Additionally, SCHEV took issue with Security University's reference to a 98% pass rate and that Security University bills itself as a legitimate provider of CISSP training. SCHEV also determined that Security University is in violation of the regulations by including in its Student Handbook the use of the term "credit;" and in its Staff Handbook a reference to a "Credit Transfer Program." SCHHEV asserts the uses of such language are examples of misrepresentations made by Security University. (Tr.pg.213; SCHEV Exhibits 1 and 8). (Tr. 214).

30. SCHEV challenged this terminology because Security University is a vocational institution and not a degree conferring institution; consequently, SCHEV concluded the use of this term could be misleading to prospective students. The hearing officer finds however that Security University does provide students with "certificates" and the fact that the word "Certificate" is included in the advertisement is distinguishable from offering a degree and therefore does not appear to have been a "knowing" intent to misrepresent what Security University offers; i.e. a certification not a degree. (It is noted that the word "degree" is included in the referenced regulation; however, as stated on the record, Security University was not establish as a "degree" conferring institution and has not conferred any degrees but does provide its students with a certificate). There is no finding of a violation with regard to Security University representatives or in its documents that it knowingly made a statement or representation that is false, inaccurate or misleading regarding the school.

31. The term "no classroom needed" was challenged by SCHEV because it implies online courses of study. (Tr., pg. 213; SU Ex. 1; SCHEV Ex. 8). This language inserted by Security University
was a part of an icon in one of Security University's brochure (SU Ex. 1; SCHEV Ex. 78 as an
advertisement to highlight that Security University's educational resources and quizzes would be
available to students on furnished iPads (Tr., pgs. 130).

32. Ms. Rosa-Casanova provided credible testimony at the hearing that she did not believe
the phrase “no classroom needed” was an attempt to knowingly mislead a student, but was inserted
inadvertently. (Transcript pg. 275).

33. There was no evidence that any student had been misled into thinking they did not have
to appear in a classroom and there have been no complaints about Security University to SCHEV by a
student that they were misled about classroom attendance. (Transcript, pgs. 18, 26, 131). Ms. Schneider
tested that the brochure in question emphasized “hands-on-training” and refers to “instructor led
classes” (Transcript, pgs. 130-132, Ex. 1). In any event, Security University has since removed the
language “no classroom needed” from its brochure. (Transcript, pg. 131). The hearing officer finds
based on the evidence that the phrase “no classroom needed” was not an attempt to mislead prospective
students into believing they did not have to physically participate in a classroom setting to take courses
at Security University.

34. Security University also contained in a its brochure that it had a 98% pass rate for student
taking courses at Security University, preparing to take exams for certification in one of the
cybersecurity/information security fields of study. (SU Ex. 1; SCHEV Ex. 8). This assertion by Security
University was challenged by SCHEV as misleading. Although SCHEV challenged this assertion by
Security University, Ms. Rosa-Casanova testified credibly that she did not recall requesting
documentation to verify the 98% rate claim. (Transcript pgs. 275-276).

35. Mr. Brad Boute, a consultant to Security University, provided credible testimony that
data collected from three (3) exams that Security University conducted, confirmed the 98% passage rate
(Tr. pgs. 73-74). Mr. Boute was retained by Security University to assist with the accreditation issue before the ACCET.

36. Ms. Schneider testified at the hearing that Security University has data to support the passing rate for its students (Transcript, pgs. 72-74; Ex. 130. Ms. Schneider also testified that one of the exams from which Security University obtains data about their passing an exam requires the student to self-report whether they passed the exam. This exam had data from 83 of 90 students who took a test, but all of them ultimately passed the exam.(Transcript, pg. 72-74). Accordingly, there was sufficient evidence that the claim of a 98% passing rate as asserted by Security University is supportable and the hearing officer so finds.

37. The 2014 Audit also questioned Security University’s use of the words “graduate certificate,” and “master certificate,” because Security University is not a degree conferring institution (Transcript, pgs. 273-274). Further, based on the record, Security University offers “certificates” not “degrees.”

38. Security University introduced information at the hearing about other institutions that use these terms in connection with a student obtaining a “certificate,” rather than a degree. including the University of Richmond, (SU Ex. 15), Villanova University, the University of Virginia (SU Ex. 25) and the IBM Corporation. (Transcript, pgs. 115-118, 212); SU Ex. 15, 25).

39. Security University is not a degree conferring institution in the manner of providing college type credits leading to a baccalaureate degree, it is a vocational institution. However, even though the organizations listed, by Security University to support its use of these terms are different from Security University, they do offer non-degree certifications. The hearing officer finds the institutions that Security University has referred to are appropriate examples of institutions providing postsecondary certificates similar to that which Security University provides its students.
40. Whereas the use of the terminology "advance your degree" for example could lead a prospective student in to believing he/she would receive a baccalaureate degree, there have been no complaints from students who took a course from Security University thinking they would have college type credits by obtaining a certificate in the cybersecurity/information security fields at Security University. Furthermore, there does not appear to be any regulations preventing the use of the terminology so long as what is offered is clearly explained; accordingly there was no evidence that Security University is in violation of 8VAC 40-31(K)(2).

41. As a related issue to the use of the terms "graduate certificate" and "master's certificate," the 2014 Audit questioned Security University's use of the term "credit" and "Credit Transfer Program." (Schev Ex. 9, pgs. 13, 31-34; Schev Ex. 10; Tr. Pg. 219). And there is no evidence that 8VAC 40-31-160(k)(2) prevents Security University from using the term even though it is not a degree conferring institution. (Transcript, pg. 280). With regard to the "Credit Transfer Program," Security University has a Memorandum of Understanding with Capitol College that allows courses taken by students at Security University to be transferred. (Tr. pg. 219). Even though a violation of the regulation is not found, the use of the term "credit" or Credit Transfer Program need to be clearly described by Security University to reflect what it actually offers.

42. Security University's Catalog, Brochure and Student Handbook contain references to programs created by Security University with similar names to other programs and certifications in the information-cyber security industry. (Tr. Pgs. 220-221; Schev Ex.. 8, 9, and 11; Security University Ex. 2 and 3). Security University has differentiated these terms by adding the word "Qualified." There have been no complaints filed by a student attending Security University courses that they were confused with the certifications they would be receiving as a result of training conducted by Security University (Tr. Pg. 65, 99, 104, and 107).
43. The 2014 Audit challenges Security University’s listing of itself as a provider of the CISSP training and has used the trademarked name “CISSP” in its brochures and by doing so, has provided student with misleading information that Security University has a formal relationship with CISSP. (SU Ex. 7; SCHEV Ex. 7). Security University does use “CISSP” in its advertising, materials, but does so to identify Security University with the services Security University provides directed at preparing students for taking the CISSP exam (SU. Ex. 11). Also, there was no citing to a provision of the Virginia Administrative Code that would require a formal relationship between Security University and CISSP. There have been no complainants by a student that they were misled about this representation and the hearing officer does not find a violation.

VIOLATION #5: Institution Does Not Maintain Student Records In Accordance With Virginia Regulation

8 VAC 40-31-160(E) (2)(4): “The postsecondary school shall maintain records on all enrolled students. These records shall include: A transcript of the student’s academic or course work at the school, which shall be retained permanently in either hard copy forms or in an electronic database with backup.”

44. The 2014 Audit Report also found a violation with regard to the manner in which Security University maintains student records and transcripts and that Security University does not permanently maintain these records and therefore, Security University is noncompliant with 8 VAC 40-31-160 (E)(2)(4). Security University disputed this allegation, stating that it has maintained student records permanently since 1999 (Transcript, pgs. 109-110). However, Security University did not provide documentation to support its claim.

45. During the 2014 audit, SCHEV requested that copies of student transcripts be available with the intent that SCHEV would have the opportunity to randomly select the student transcripts it wanted to review; however, Security did not provide any transcripts. (Tr. 222-226). Instead of transcripts, student invoices were offered to SCHEV; at the hearing, Security University produced three
student transcripts (SU Ex. 12); however, this offer was not in accordance with the request of SCHEV to have the ability to randomly select student transcripts. Security University offered on the record to provide all transcripts, but that does not change the finding of SCHEV based on the 2014 Audit. Accordingly, Security University has not met its burden of maintaining student records in accordance with Virginia Administrative Code.

**VIOLATION #6: Institution Advertises Programs That Do Not Meet Standards For Quality, Content and Length.**

8 VAC 40-31-150 (B); “The course program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective.”

46. The 2014 Audit report alleges that Security University has violated 8 VAC 40-31-150(B) by advertising in its brochure (SU Ex. 1; SCHEV Ex. 8) that students could take an “unlimited” number of courses for a fixed price discount for 12 and 24 month periods for $11,000. (Tr. pgs. 143-146; SCHEV. Ex. 1). Most classes offered by Security University are generally priced at $3,000 (Tr., pg.143-146). The SCHEV concluded this type of advertisement for programs fails to meet the standards for quality, content and length as required by the regulations. However, Security University removed the term “unlimited” and instead revised its marketing language to allow for up to 23 classes for a fixed period. (Transcript, pgs. 143-145, 148-149). SCHEV’s concern with the language “unlimited” was that Security University could mislead individual students; however, only organizations have taken advantage of this offering, including the Marines, AT&T and a nuclear plant. (Transcript, pgs. 143-148, 259, 286).

47. Security University defended the practice, but based on SCHEV’s concerns, the phrase “unlimited” was removed by Security University and replaced with stating students could take up to twenty-three (23) classes for a fixed period. (Tr., pgs. 143-145, 148-149).
VIOLATION #7: Institution is Intentionally Ambiguous About Its Non-Degree Status.

The relevant regulation here is 8 VAC 40-31-10 (Definitions): “University” means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.”

48. SCHEV contends that notwithstanding it allowing Security University to use the word “University” in its name, the use of the word will confuse student into believing they would receive a baccalaureate level degree by attending Security University. Furthermore, the use of the word “University” in combination with other terms such as “credit” was misleading. SCHEV however, did allow and has continued to allow Security University to use the word “University” in its name and there have been no complainants from a student as to the type of institution that Security University is and that it does not offer college or baccalaureate type degrees (Tr. Pg.16, 26, 65, 107).

49. The 2014 Audit concluded Security University’s use of the word “University” was misleading since it does not confer degrees. However, SCHEV admitted it granted Security University the right to use the word “University” in its name when Security University applied for its Certificate to Operate. The problem as concluded by SCHEV was that the word “University” in conjunction with the use of the words “graduate,” “masters,” and “credit,” would mislead student in to thinking they would be receiving a college type credit by taking one of Security University’s courses. Two former student of Security University testified that they were not confused by thinking they would be receiving credits towards a degree (Tr., pg. 63). Accordingly, it would be improper to now penalize Security University for using the word “university” in its name when prior authorization was given. (Tr., pgs. 292-293).

50. The hearing officer agrees with SCHEV that it is to be afforded deference with regard to its interpretation of its own regulations; however, the facts as set forth on the record must also be considered and in this regard, it was not a matter of how the regulations were interpreted, because there was no evidence that Security University purposely decided to interpret the regulations in an
inconsistent manner to get around what was required. Security University appears to have not taken the regulation into consideration when it, for example, it prepared its brochure and other documents.

III. ISSUE:

Whether Security University has committed violations of the regulations administered by SCHEV to warrant a revocation of its’ Certificate to Operate in Virginia.

IV. CONCLUSION:

Pursuant to Va. Code §2.2-4020(C) Security University had the burden of proof to establish by a preponderance of the evidence that no violations of the regulations listed herein above occurred. As stated herein, there were what appeared to be violations and it can be concluded that Security University has not fully complied with the specific requirements of the regulations and has not done so even with SCHEV providing appropriate guidance since at least 2011. However, it is significant to note that there were no actual violations, but the possibility of a violation due to the manner in which Security University has advertised itself. It is also clear that the violations are based on if” type of questions that a student could be misled by Security University’s advertisements and information it provided to student. Yet, even with no actual harm to a student due to a misrepresentation having occurred, it would inappropriate and inconsistent with SCHEV’s responsibility to protect students, but have to wait for an actual violation before taking appropriate action.

Based on the evidence at the Hearing on December 10, 2014 and the documents submitted by the parties and admitted as part of the record, Security University has clearly not developed systems of records that fully comply with the requirements of SCHEV and the cited regulations that formed the basis of SCHEV’s recommendation that Security University’s certificate to continue providing educational services should be revoked. It is clear that Security University needs substantial assistance to make Security University fully in compliance with all Virginia Administrative Code requirements.
Significant to note however, is that even if it were concluded that Security University may have failed to comply with the requirements as stated in the March 14, 2014 audit, the hearing officer found no basis to conclude the failure to comply was committed "Knowingly" but rather appears to have been based on a failure to take seriously the staff recommendations as specified in not only the 2014 audit, but also, the 2011 audit and the 2012 follow-up audit. The record reflects that although Ms. Schneider has the technical capability to offer the very sophisticated courses that Security University provides, it does not appear she either has the time or experience in handling both the technical aspects of what Security University offers as well as handling the day-to-day the administrative compliance matters. Such is true of many small business who, lacking in staff, find it difficult to understand compliance issues and not being able to implement what is required.

It is extremely significant to note that Security University has been operating for 14 years and certified to do business through SCHEV for at least nine (9) years, with over 23,000 students participating in one or more of its 5 day courses; yet, there have been no complaints from any of the 23,000 students about being misled by refund policy; whether they were going to receive a degree or college type credit that would lead to a degree; or, whether the courses they took at Security University would in fact help them to sit for examination to obtain certain certifications.

SCHERV makes a strong argument that the various materials that Security University presents to the public can be misleading, but here, the type of students that attend Security University classes, ages from 35 to 55 are distinguishable from students for example just getting out of high school and wanting to advance in the security field. Young high school and even college age students with no or limited working experience could be misled by improper language in advertising material; however, students with a certain level of maturity, such as the type of students Security University attracts, are not as likely to be confused by wording in an advertising brochure. Security University’s courses are not aimed at
those young students, but rather individual who have had a degree of work experiences and training and presumably would understand the need to question confusing or misleading material. The fact that Security University's publicly available information either in written form or on the internet, have not led to complaints from students seems to negate the allegations that Security University does not conduct its business as represented.

Security University had the burden of proof in this matter that it did not violate the applicable regulations as cited above. Whereas it can be concluded that Security has failed to be in fully in compliance with many of the regulations listed as violations, again the record does not reflect an intentional disregard for compliance or knowingly conducting itself in a manner to violate the regulations. Even though there were violations, the issue is whether such would warrant the most severe penalty that SCHEV could impose, being a revocation of its certificate to operate in Virginia as a vocational institution. The hearing officer concludes that the recommendation to revoke Security University’s certificate to operate is not warranted and based on the facts as set forth herein would be overreaching. As stated above, it would be inconsistent with SCHEV’s responsibility to have to wait until a student was harmed to take appropriate action; the question is what action with regard to Security University would be appropriate under the circumstances here.

Therefore, the recommendation to revoke a certificate to operate is the most stringent of punishments that SCHEV could suggest, and based on the facts herein with regard to Security University are not warranted. Even so, Security University has had numerous opportunities to correct its manner of doing business in order to be in compliance with the requirements of SCHEV, but as stated above, among other things, Security University appears to lack an understanding as to how to make Security University operate in accordance with the regulations. In any event, the hearing office does not believe the record supports revocation as a penalty, and therefore concludes that Security University has
not committed violations of the regulations administered by SCHEV to warrant a revocation of its Certificate to Operate in Virginia.

VI. RECOMMENDATION

It is the recommendation of the hearing officer that Security University’s Certificate to Operate not be revoked, but a lesser penalty imposed. In this regard, Security University must revise its language concerning its refund policy as stated in its Course Catalogue and Staff Handbook to be consistent with the language in its Student Handbook and the requirements of SCHEV; Security University has removed the language “no classroom needed” from its advertising material and needs to continue doing so; Security University needs to revisit the manner in which it records pass/fail statistics to be based on actual reports from students through surveys or documentation from exam sponsors; Security University should review its use of the words “graduate” “masters” and “credits” to make sure these words used in connection with “Security University” do not confuse future students in to believing they will receive a college/baccalaureate type credits. Security University needs to comply with the requirement of SCHEV and consult with SCHEV about revising its brochures, advertising material and administrative documents and policies. Lastly, recognizing that Security University can be considered a small business, this case has highlighted the need to for it to have experienced compliance personnel available to ensure it stays in compliance and avoid future audits that would suggest a revocation of Security University’s Certificate to Operate.

David R. Smith
Hearing officer
Security University’s Opposition to the
State Council of Higher Education for Virginia’s
March 14, 2014, Audit

I. Introduction

Security University ("SU") has provided high quality instruction in cyber security for over 14 years. It became SCHEV Certified to Operate in 2005. More than 23,000 students have enrolled in information security training and certification classes at Security University since 1999. During this time, not one has complained about any of the issues raised in SCHEV’s 2014 Audit and not one has claimed to be a victim of a predatory practice of SU. Notwithstanding this, SCHEV has issued an Audit which alleges 7 violations and recommends the extreme recourse of revoking SU’s Certificate to Operate. As explained in full below, SU is not in violation of the Virginia Administrative Code and is by no means engaging in predatory practices. A revocation is not just after considering the explanations below.

II. Argument

A. Allegation #1: Violation of 8 VAC 40-31-160(N)(1)-(13)

In SU’s 14 years, only 8 of its approximately 23,000 enrolled students have ever requested a refund. All of those 8 students received a 100% refund. It is clear that SU’s refund policy fully protects the students and is in no means predatory.

SCHEV alleges that SU’s refund policy located in the Staff Handbook and Course Catalogue violates 8 VAC 40-31-160(N) because a student will be penalized 50% of the tuition if he or she cancels less than five days prior to the class. (2014 Audit, pg. 2). This is incorrect.

SCHEV admits that the Student Handbook contains a compliant refund policy which gives minimum stated refunds to students based on when they cancel. (2014 Audit, pg. 2). Moreover, in practice, SU has not only met the minimum stated thresholds, it has given full refunds to all students who requested refunds over the past 14 years. Any discrepancies noted in the Staff Handbook or Course Catalogue were mere editorial oversight, not intentionally misleading, and never brought up as an issue of concern by a student.

As Dr. DeFlippo explained, he is not aware of any instances of complaints about the refund. (IFF Hearing, pg. 9). Instead, he expressed concern that he was not sure how refunds were actually being issued. (Id.) As explained at the IFF Hearing, SU has always given a 100% refund when a refund is requested which is well within the boundaries of the Virginia

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1 All relevant pages from SU literature pertaining to Allegation #1 are attached as Exhibit 1. For ease of reading this brief, SU has attached all relevant pages for each allegation to a corresponding exhibit.
Administrative Code. There has never been a predatory practice and SU maintains that it is not in violation of 8 V.A.C. 40-31-160(N).

B. Allegation #2: Violation of 8 VAC 40-31-160(D)

SCHEV alleges that SU does not follow its own admissions policy. 8 VAC 40-31-160(D) states, *inter alia*, that the school must have a policy document that accurately defines the minimum requirements for eligibility for admission to the school. SU has properly done this.

As explained at the IFF Hearing, Dr. DeFlippo conflated (1) the requirements to attend the course and (2) the requirements to obtain a credential. Under the documents before SCHEV at the IFF Hearing, to attend SU, every student must have (a) evidence of a Security + Certification or (b) evidence of 12 months of professional work in information technology or relevant TCP/IP knowledge. To apply for a Security University Testing credential for Q/ISP, Q/IAP and Q/SSE, a resume and background check or letter from the employer are also required. During the 2014 Audit, it became clear that although students have not been confused by the admissions policy, SCHEV wanted to ensure that SU was not engaging in a predatory practice where it states one set of admissions requirements and follows a different set where everyone is allowed in (IFF Hearing, pg. 17).

Here, however, there is no concern of predatory practice. SU has properly followed its own admissions policy and has on a number of occasions informed students when they do not meet the requisite TCP/IP knowledge threshold. For example, on several occasions, SU suggests that a student attend a community college to learn the baseline TCP/IP knowledge and only after they learn TCP/IP will they be eligible to attend a SU class. (See, e.g., August 12, 2014, email reply to Gonzalez Rosendo, Jr., attached as Exhibit 2). No student registration is accepted until they have a discussion with the CEO to confirm they know TCP/IP. As a practical matter, the government and corporations enroll IT, Information Security or Information Assurance professionals in SU classes whom have had at least a year of IT experience so it is rarely a problem but when it is, SU has properly addressed it. (As offered at the IFF Hearing, if there is additional paperwork or documentation that SCHEV requests going forward, SU is happy to comply.) Prior to the IFF hearing SU added a check column to each student sign in sheet confirming they know TCP/IP and a line to the SU class registration determining if they know TCP/IP (See, Exhibit 2: [https://www.securityuniversity.net/reg.php](https://www.securityuniversity.net/reg.php)).

Lastly, at the IFF Hearing, the issue of the timing of payment came up. This is not addressed in the 2014 Audit and appears to have been clarified at the IFF Hearing but to the extent there is a concern about companies providing credit card information before a student is technically approved, there should be no concern. This is because, as addressed above, SU provides full refunds if requested, and because as a practical matter, companies are not generally willing to spend $1,995, $2,995, or $11,000 on a candidate who is not qualified.
C. Allegation # 3: Violation of 8 VAC 40-31-150(C)(1)

SU is a growing small business whose mission is to provide quality education and instruction in the cyber security field. In 2006, SU course content was reviewed and approved by subject matter experts in order to certify students in Committee on National Security Systems ("CNSS") 4011, 4012, 4013A, 4015 and 4016A National Security Agency ("NSA") Information Security Standards. In 2011 SU courses were re-certified under the CNSS and NSA. (See, Exhibit 3, NSA Certificate). The NSA Certificate specifically certifies that SU "offers a set of courseware that has been reviewed by National Level Information Assurance Subject Matter Experts and determined to meet the National Training Standard..." (See, Exhibit 3). Accordingly, SU clearly complies with 8 VAC 40-31-150(C)(1) which requires that courses of study conform to standards of training for the occupational fields in which standards have been established or conform to recognized training practices in those fields.

Notwithstanding the clear language of the Virginia Administrative Code and the dispositive certificate from CNSS and NSA, SCHEV takes the unsupported position that Section 150(C)(1) further requires an institution to (a) provide training that is recognized by the certifying organization and (b) ensure that students meet all eligibility requirements to sit for the exam once they have completed the program. SCHEV provides no authority for these additional requirements. Reading the Code's plain language on its face, as case law requires us to do, SU has complied with Section 150.

Not only is SCHEV's position unsupported by case law and the plain language of the Code, but it is contrary to practice and findings from a Federal Court. First, there is no requirement that SU be affiliated or recognized by the certifying organization. In fact, certification bodies have recognized that they cannot control what companies teach training courses for their certification examinations. See, e.g., International Information Systems Security Certification Consortium, Inc. v. Security University, LLC, 2014 WL 3891287 (D. Conn. 2014) (See, Exhibit 3). In International Information, a case where SU was sued by a certification body, ISC², for, among other claims, trademark infringement and dilution with regards to the CISSP certification mark, the District Court for the District of Connecticut dismissed the case on a Motion for Summary Judgment, and noted that it "is undisputed that SU is allowed to use the CISSP certification mark in its advertising." Id. at *3 (emphasis added). In fact, ISC² "did not dispute, nor has it ever disputed, [SU's] right to identify that their services are directed towards preparing for the CISSP certification examination." Id. (emphasis added). This case law embodies the actual practice in the industry which is that companies routinely advertise preparation for certification examinations without any affiliation.

Lastly, SCHEV provides no authority in support of its assertion that SU must ensure that students meet all eligibility requirements to sit for the exam once they have completed the program. This assertion is not only unsupported, but it is in direct conflict to the actual practice.
There is no requirement that an individual immediately take a certification examination after completion of the course, that is obviously an individual’s choice. Moreover, a student’s eligibility to sit for an examination and/or obtain certification is a matter for the body administering the examination and authorizing certification to determine at the time of the test.

SU has complied with the clear language of the Virginia Administrative Code as it teaches NSA approved Security University courseware. SCHEV’s unsupported positions are contrary to the clear language, the practice in the field, and federal case law.

D. Allegation #4: Violation of 8 VAC 40-31-160(K)(2)

8 VAC 40-31-160(K)(2) states that students must be provided with current and accurate information and that no school “shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.” (emphasis added). As explained below, SU maintains that it has not made any false, inaccurate or misleading representations but to the extent that SCHEV finds it did, they were clearly not made knowingly but only by innocent error.

1. Graduate Certificate or Master Certificate

SCHEV cites SU literature which refers to a SU Graduate Certificate or Master Certificate. SCHEV argues that because SU is a vocational school, it cannot confer degrees and therefore its statements of graduate or master certificates are misleading. No case law or regulation has been cited to support this.

Moreover, throughout the literature, SU clarifies that it is a non-degree conferring institution. The term master and graduate are not exclusive to degrees. In fact, numerous other institutions, both degree conferring and non-degree conferring, award certificates with similar terminology. By way of example, the University of Richmond provides “certificates” which are not part of its degrees and Villanova offers certificates for certain non-degree IT classes. (See, Exhibit 4). IBM, a non-degree granting institution, also confers a mastery qualification. (See, Exhibit 4).

2. “No Classroom Needed”

As explained at the IFF Hearing, SU provides voluminous documents online so that students can do substantial work prior to the five day class. Materials and sample exams are available online.

In one of SU’s brochures, packed with information, there is some clipart sprawled throughout. There is a small icon on one page of a laptop next to the words “No Classroom Needed.” The intent of this language was to emphasize the online preparation before the 5 day in person class which the brochure indicates is “hands on training.” No student has ever
questioned the inability to take the actual class online and therefore any argument that the
language is misleading is thwarted. Moreover, in its continuing effort to be forthcoming and
amenable, SU has since removed this language from its brochure in 2011 and no longer uses the
phrase, “no classroom needed” to market the classes.

3. 98% Pass Rate

The 2014 Audit alleges that SU referencing a 98% pass rate is misleading because by its
own admission, it does not collect data on pass rates. This is untrue. SU does monitor pass rates
for credentialing agencies and it does so in a number of ways. First, SU proctors CompTIA
Security+ exams as a VUE testing center and is a Testrac on-site testing center for Security
University Testing (“SUT”) exams. Over the past 3 years, 134 out of 135 SU students passed the
Security+ exam the first time they took the exam. After that 1 student retested, all 135 students
successfully passed the Security+ exam. SU also proctored 60 SUT Q/ISP (Qualified
Information Security Professional) exams. 60 SU students were tested and 57 passed their
exams. After retesting, all passed the exam.

Second, ISC² CISSP students take a written or online exam and are not provided instant
exam results. Each student is requested to report whether they have passed or not. If they failed
the exam, SU provides all students as many classes as needed to pass the CISSP exam including
other exams until such time as they pass the exam. Because SU provides free courses to
previous students if they fail, there is no reason that these students would not be forthcoming.
The 98% comes from the reporting data which is consistent with the passage rate for CISSP,
Q/ISP exams and COMPTIA Security+ exams.

4. Credits

SCHEV claims a number of violations based on its misstatement that SU cannot award
credits because it is not a degree granting institution. Similar to the argument that only degree
confering programs can use terms “graduate” or “master,” it appears SCHEV’s argument is that
non-degree conferring institutions cannot use the term “credits.” SU contests this assertion.

First, there is no authority to support SCHEV’s position. Instead, 8 VAC 40-31-10, in
defining credit, does not limit this terminology to degree conferring institutions.

Second, SU does award and/or transfer credit in some situations. For example, within the
field of cyber security, Continuing Education Units, or CEUs, are required for individuals to
maintain their credentials. This is akin to attorneys being required to obtain Continuing Legal
Education, or CLE, credit each year. SU’s literature which refers to credits accurately refers to
the CEUs or Continuing Professional Education (CPE’s) offered.
As another example, SU has a Memorandum of Understanding with Capital College, a degree conferring institution. Due to the practical training received at SU, Capital College does recognize and accept the equivalent 40 hours for credits obtained from SU as part of its curriculum. Thus, any reference to credits being accepted or transferred is fully accurate and forthcoming.

5. Legitimate Provider with CISSP Training

SCHEV claims that SU is being misleading because it is not a legitimate provider with CISSP Training. SCHEV’s basis for this allegation is that SU is not affiliated with the CISSP test and therefore cannot market itself as one preparing for the test. However, no formal relationship is required for the representation. For the reasons stated in Section II, C, above, and the reasons articulated in International Information, SU is not violating the Code by providing training for the CISSP exam.

E. Allegation #5: Violation of 8 VAC 40-31-160(E)(2)(4)

SU permanently maintains student transcripts. It does so permanently on a cloud server. In addition, for seven years, transcripts are maintained in local back-up. SU has maintained all student records since its inception in 1999. As such, it is in compliance with the Virginia Administrative Code which requires that transcripts of all students’ be retained permanently in either hard copy or electronic database with backup. 8 VAC 40-31-160(E)(2)(4).

Dr. DeFilippo focused on text in the Student Handbook which he claims confused hard copy and digital copy maintenance. The 2013 Student Handbook states, “[a]ll student records, certification certificates and validation reports are backed up to a cloud as well as local backup for 7 [years]...” Perhaps a clearer way to say this is that all student records, certification certificates, and validation reports are permanently backed up to a cloud [insert comma], as well as local backup for 7 years. This is an issue with editing, not a predatory practice. Dr. DeFilippo noted that the concern is not where things are backed up to, but just that they are being backed up. (IFF Hearing, pg. 43). This is being done.

Lastly, the 2014 Audit also stated that SU could not provide student transcripts that included the courses with final outcome. SU apologizes for any misunderstanding. SU retains all transcripts as mentioned above and is happy to provide any and all to SCHEV upon request. By way of example, SU attaches several (redacted) transcripts dating back to 2010 which include the final outcome as requested. (See, Exhibit 5.)

Because SU has always maintained records and agrees to be as transparent as requested by SCHEV, it assumes that this issue is resolved and withdrawn.
F. Allegation # 6: Violation of 8 VAC 40-31-150(B)

The section of the Virginia Administrative Code on point, 8 VAC 40-31-150(B), states only that, “[t]he course, program, curriculum and instruction must be of quality, content and length to adequately achieve the stated objective.” From this language, SCHEV claims that advertising a 2 year or 1 year class violates this requirement. SCHEV claims that these classes are “particularly injurious” given SU’s “non-compliant refund policy.”

In reality, SU’s literature details the quality, content, and length of the classes. For example, the Voucher lists stated prices, time limit, and details associated with each class. This is in no means predatory. (See, Exhibit 6). SU also provides these classes in bulk to students who are interested in them and provides one or two years, depending on availability of the student.

SCHEV claims that these classes are “particularly injurious” given SU’s “non-compliant refund policy.” SCHEV was concerned that someone might pay $11,000 for two years of study, cancel five days in advance, and not get any money back. As discussed above, this is not a concern. SU’s refund policy is not only compliant but it is far more generous than the floor set forth by the Virginia Administrative Code. Moreover SU’s practice is to exceed the minimum refund listed and award full refunds over the last 14 years.

Therefore, SCHEV’s concern that students who only take one or two classes are harmed by this policy is entirely unfounded. There is no text in the Virginia Administrative Code which prohibits this. As such, SU requests that SCHEV rescind the allegation that it is not compliant with 8 VAC 40-31-150(B).

G. Allegation # 7: Violation of 8 VAC 40-31-10

SCHEV has admitted that it committed an error when it allowed SU to obtain a name with “University” in it but, perhaps cognizant that SU has been in existence for 14 years and developed a brand, has not moved to change the name at this point. (2014 Audit, pg. 9; IFF Hearing, pg. 45) (See Exhibit 7). Despite this admission, SCHEV takes the position that SU intentionally blurs the lines between what they are (a non-degree vocational school) and what their name implies (a degree granting institution). Notwithstanding SCHEV’s oversight, it seeks to penalize SU for its own mistake by accusing SU of being “intentionally ambiguous.”

First, SCHEV cannot blame SU for its own admitted error it made years ago. Any alleged inaccuracy or confusion about the identity of a non-degree versus degree granting institution must be ignored because if confusion exists, it stems from SCHEV’s decision and error. Second, SCHEV’s assertion that SU is anything but forthright about being a non-degree vocation school is unsupported by the evidence. SCHEV did not point to any literature where SU promises a degree. SU cannot be punished for a SCHEV decision that was made. Lastly, for the justification behind using terms such as credits or graduate, see Sections II(C) and II(D)(4)
above. Again, this is not a predatory practice. In over 14 years, no student has ever challenged the nature of the certification received or the quality of the instruction. Accordingly, SU asks that SCHEV rescind the alleged violation of 8 VAC 40-31-10.

III. Conclusion

SU provides high quality instruction in the field of cyber security. Virginia’s workforce training centers recognize the unmet demand in this field, which is particularly acute in Northern Virginia. SU is assisting Virginia in meeting its workforce needs by providing practical training to over 23,000 individuals since 1999. SCHEV is not challenging the quality of the instruction or the substance of the classes offered. To the extent that SCHEV has pointed out discrepancies, the discrepancies are with language contained in non-bound (often non-paginated) copies of SU literature—rather than actual predatory practices employed by SU. SU is receptive to assistance regarding how to better amend its literature or improve its system of handbook compliance. Yet, a recommendation of revocation appears a draconian remedy for an institution providing substantively good instruction in a field critical to Virginia’s economy.

Respectfully Submitted,

[Signature]

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VIRGINIA

- - - - - - - - x
SECURITY UNIVERSITY,
- vs -
STATE COUNCIL OF HIGHER
EDUCATION FOR VIRGINIA.
(SCHEV)
- - - - - - - - x

Reston, Virginia

Wednesday, December 10, 2014

The above-entitled matter came on to be heard before DAVID R. SMITH, ESQUIRE, HEARING OFFICER, taken in the law offices of ODIN, FELDMAN, PITTELMAN, P.C., 1775 Wiehle Avenue, Suite 400, Reston, Virginia, beginning at 10:06 o'clock a.m.

APPEARANCES:

On Behalf of SCHEV:

MIKE F. MELIS, ESQUIRE
Assistant Attorney General

On Behalf of Security University:

STEPHEN C. SHANNON, ESQUIRE
MARGARET M. MARKS, ESQUIRE

Also Present:
Sondra Schneider
Sylvia Rosa-Casanova
Reston, Virginia

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Also Present:

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### Security University v. State Council of Higher Edu. for VA

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**EXHIBITS FOR IDENTIFICATION IN EVIDENCE**

- All exhibits of Security University and SCHEV admitted into evidence: 6

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**PROCEEDINGS**

(The Court Reporter was duly sworn by the
Hearing Officer.)

THE HEARING OFFICER: My name is David Smith and I've been appointed as the Hearing Officer in the matter of Security University versus The State Council of Higher Education for Virginia, also known as SCHEV. My appointment was as of July 28, 2014.

We've had many discussions and e-mails going back and forth and we are finally here today to try to see what we can do to resolve this matter. We are here based on a conference call that was held October 24, 2014.

The parties set this date as the date for the hearing. We are also here pursuant to the Virginia Administrative Code, 8 VAC 40-31-220. I think I have received all of the exhibits and the witness list from both parties. I had a little trouble with some mail.

I told Mr. Melis I didn't receive it but I'm sure he sent it. During the Christmas season there were a bunch of documents or things that were sent and so it's probably at my home somewhere. But anyway, I have all of the exhibits and everything. Before we go forward with witnesses, any preliminary matters that the parties would like to put on the record?

MR. MELIS: From my perspective, the only point I would like to -- the only issue I would like to point out and we've just discussed it. It's not that big of an issue but with regard to one of the exhibits that Security University has submitted, the transcript of the IFF hearing.

I'm not sure who put the transcript together but our folks at SCHEV looked at the transcript while listening to the CD and determined that there are many instances where the name of the person on the transcript who is speaking is not the actual person who is speaking. It's just an issue of recognizing voices and most of them were SCHEV voices so our SCHEV folks are more familiar with them than whoever was transcribing the hearing. We are happy to submit a transcript with the names corrected. We don't have one today but we are happy to --

MS. MARKS: I do.

MR. MELIS: Oh, we do.

THE HEARING OFFICER: Do you have that for everyone?

MS. MARKS: Do you want me to call my assistant and make copies? This is our Exhibit 5.

THE HEARING OFFICER: This is your exhibit 5?

MS. MARKS: Yes.


MS. MARKS: But it's not this version.

MR. MELIS: That probably still has the notes that you guys were --

MS. MARKS: Yes. So if you guys don't mind, I will just ask my assistant to quickly block this (indicating).

MS. ROSA-CASANOVA: Oh, that's fine.

MS. MARKS: And I'll keep your notes.

THE HEARING OFFICER: Just for the record, what we are doing is substituting this version for what was filed previously.

MS. MARKS: Exactly, for Security University's Number 5. I'll be right back. Thank you.

THE HEARING OFFICER: The one that she is making copies of has all of the people identified?

MS. ROSA-CASANOVA: Yes, correctly. The people identified on the transcript were not correct so I've corrected those.

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2 (Pages 2 to 5)
THE HEARING OFFICER: Any comment, Mr. Shannon?

MR. SHANNON: No. Thank you for doing that. I don't anticipate that it's going to have a material impact. Our reliance on it is fairly small and I doubt Dr. DeFilippo's voice has been confused with any of the other people who were at the hearing.

MR. MELIS: I think everyone else was female. It was the female voices that were getting mixed up.

MS. ROSA-CASANOVA: Yes.

THE HEARING OFFICER: Just for the record, any objection to any exhibits that were submitted previously?

MR. SHANNON: We have no objection.

MR. MELIS: SCHEV has none.

THE HEARING OFFICER: All exhibits will be, including the one that is being copied, will be admitted as part of the record.

MR. SHANNON: Mr. Smith, that would be everything in both binders so we don't have to lay the normal foundation?

THE HEARING OFFICER: Exactly right. Trying to speed it up so both binders will be accepted as part of the record.

and the exhibits were required was such that the government's brief was after our exhibits were filed. So in the brief there was a couple of points we wanted to respond to. Again, I spoke with Mr. Melis and I don't think there's going to be any issue with that. THE HEARING OFFICER: Were you going to introduce these with witnesses?

MR. SHANNON: I thought we would do it through witnesses at the appropriate time.

THE HEARING OFFICER: Mr. Melis, any objection?

MR. MELIS: Other than to relevance or weight that should be afforded to any particular exhibit we have no objection.


Anything else preliminarily that we need to go over? Do you want to make an opening?

MR. MELIS: From our perspective, the brief that we submitted on behalf of SCHEV is -- I guess I should have let you go first in terms of an opening but from our perspective the brief we submitted, subject to any comments that Mr. Shannon may have, sets forth our position in the case.

MR. MELIS: I should say we have no objection except to relevance or weight that should be afforded to any particular exhibit but no objection to the hearing officer considering the exhibits.

THE HEARING OFFICER: I understand.

MR. SHANNON: We would raise the same objection.

THE HEARING OFFICER: Security University would have the burden going forward.

MR. SHANNON: There were two other matters that we wanted to bring up, neither of them are controversial. One, just for the record, both sides asked for a rule on witnesses which is why the witnesses for Security University are in another conference room and a witness for SCHEV is in a separate conference room. That's the first issue.

The second issue is that there are a couple of documents that Security University is going to introduce that are not in the binder. I've discussed the exhibits briefly with Mr. Melis. I don't believe there is any objection and they flow from, really from rebuttal. It's just that the timing of when our brief

MR. SHANNON: First of all, thank you for being here and I want to thank Mr. Melis for driving up and the folks from SCHEV for driving up to our law office for the hearing. This hearing is not predicated upon student complaints or any evidence of student dissatisfaction since Security University was first founded back in 99.

There is not going to be any evidence presented, I don't believe, that a student misunderstood that this was a non-degree conferring institution.

There's not going to be any evidence presented that a student had an issue obtaining a refund.

I believe what the evidence is going to show is that the students who attend Security University are highly sophisticated, objectively, the vast majority have security clearances. These are people with significant IT experience. There are no walk-ins.

The people are primarily sent to Security University through either their company paying for classes or workforce training centers screening potential students, finding they have the technology background and then funding their education or through a Department of Labor grant. They are not students who are paying out-of-
pocket, who are finding themselves upon finishing a class wondering why did I just take that class.

There is not going to be any evidence of that. The model of Security University, as we pointed out in the brief, is that in terms of the academic structure is that the classes are in five day intensive increments.

It's not as if we say, you know, you are going to go to school here for two years and take liberal arts related classes and then hopefully you will get a job in the marketplace. These are IT professionals who are looking for quality instruction in an intense hands-on manner.

There is not going to be any student, evidence of any student saying I thought I was going to be able to do remote learning. People come to Security University because they want instructors to teach them.

The other point that you are going to see through our witnesses is that there is a high demand in the information security field. It's an unmet demand in Virginia for more of these workers and Security University is filling a need that Virginia has.

So the basis of SCHEV trying to shut down Security University is not going to be based on the quality of the instruction. It's not going to be based on a lack of demand in the market. It's going to be based primarily upon disclosures or statements made in a student handbook, a course catalog or a faculty handbook that back in 2011 SCHEV said needed to be created.

Prior to that time there was one handbook. SCHEV, citing a regulation in the 2011 audit, said there needed to be three handbooks. The regulation doesn't speak to that but it tripled the work for one person in terms of creating paper products at a university that is computer-based.

Finally, there is an allegation that these are repeat systemic violations. If you look at the 2011 audit there were only two recommendations made. One dealt with the refund policy which we believed had been resolved in 2012 but in two of the documents that SCHEV had my client create following the 2011 audit, in the 2014 audit there was improper language that didn't reflect the actual refund policy of Security University. But besides the refund policy there is no repeat violation between the 2011 audit and the 2014 audit. That would be our opening statement.

MR. MELIS: By way of a brief reply, Mr.

Smith. From SCHEV's position, as we pointed out in the materials that we submitted on behalf of SCHEV, the issue before you today is quite obviously the application of Virginia's regulations to Security University's policies and procedures and so that's clearly what you will be issuing a recommendation on and whether the violations that we believe we can establish here today and have established in our submissions warrant decertification of Security University.

Quite clearly, SCHEV's position is that it does. It's based not on any particular violation that one particular violation that has existed over any period of time. Mr. Shannon, on behalf of Security University, mentioned the refund policy and that is one issue that SCHEV has but it is more on what SCHEV can establish is a pattern of noncompliance across different violations and while one violation may be corrected at one time a different violation pops up later on.

And that's a pattern that SCHEV has seen with Security University and the Virginia Administrative Code since 2011. SCHEV has also seen a pattern of either an unwillingness or inability to comply with accreditation requirements, regulatory requirements with other agencies.

And so it's a combination of the violations themselves that we believe we can establish with the pattern of noncompliance with regulatory and other requirements that from SCHEV's perspective will warrant decertification of Security University. We believe the evidence we will put on today will support that conclusion.

THE HEARING OFFICER: Let me just say this also, I, at times will ask questions of the witnesses but if I do so then the parties from both sides will have the chance to ask questions based on anything I say. That may or may not happen.

If I do so, it's based on me trying to learn some of the terminology and so forth because there are a lot of abbreviations here that I have to deal with. I will limit mine but just in this matter of time just to make sure I understand what is being said. Basically it is your show and I just want to hear what the facts are.

Mr. Shannon?

MR. SHANNON: Our first witness is Chris Mercer. Since we don't have a Bailiff we will just have to go one by one and get the folks.

THE HEARING OFFICER: That's fine. Chris
CHRIS MERCER

a witness, was called for examination by counsel on behalf of Security University, and after having been duly sworn by the Hearing Officer, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SHANNON:

Q. Mr. Mercer, thank you for coming in today. My name is Steve Shannon. As you know I represent Security University. Would you please let Mr. Smith, who is the Hearing Officer, know of your professional background.

A. My professional background is I am a retired marine officer, United States Marine Corps.

Q. How many years did you serve?

A. Twenty-one years of active duty.

Q. When did you finish up with the Marines?

A. I officially retired April 30, 2014.

Q. What is your experience with regard to cyber intelligence?

A. I have managed CyberSecurity operations in different venues for the past five years.

secret communication facilities that require coordination, deconfliction and gaining approval authorities to establish communication offices using restricted network access that is governed and monitored by the upper echelons of the intelligence community.

Q. Your TCP/IP understanding predates you taking classes at Security University; correct?

A. Sure.

Q. What is your educational background?

A. I have a Bachelor of Arts from the University of Nebraska. My degree from Nebraska is Anthropology. I have a Master of Business Administration from Johns Hopkins University and I have a Master of Science in IT Systems from Johns Hopkins University.

Q. Before you took classes at Security University did you understand that Security University is a non-degree conferring institution?

A. Absolutely.

Q. When did you take classes at Security University?

A. November and December of 2013.

Q. How did you come about to learn of Security University?

Q. I realize you have a security clearance, correct?

A. I do.

Q. I realize that the specificity of what you are doing may not be something you can talk about but could you give a little more of a background with regard to what sort of experience you have with regard to cyber intelligence and TCP/IP understandings?

A. Sure. I have held multiple positions in the intelligence community and now in the commercial space as a collections manager. A collections manager is a, for lack of a better term, a liaison position between intelligence analysts and individuals who gather information of intelligence value operating primarily in cyberspace, the communication between people who are choosing to communicate using computers to share their information. I manage operations that involve good guys interacting with bad guys to gain information that helps to protect our clients.

With respect to the protocols that you mentioned, TCP/IP and the ways computers communicate, in several countries I have been responsible for supporting Marine Corps operations through the establishment of top secret facilities.
A Absolutely.
Q What was your opinion with regard to the quality of the instruction that you received?
A My opinion is that the quality of instruction I received was top-notch and commiserate with other training that I had received in other academic environments.
Q Did you have any sense going into it that you would be able to take the classes without physically showing up?
A No. That was never an option.
MR. MELIS: If I could just ask one question here just for the record, you are not proffering him or offering him as an expert in any fashion? You are asking for his personal opinion?
MR. SHANNON: As a layperson.
MR. MELIS: Okay.
BY MR. SHANNON:
Q Did you think you would be able to do long distance learning or did you believe you had to show up to class and take the class at the university?
A For the courses that I took, the requirement was to - I show up to class and be present for all of them.

understand but the acronym is Transmission Control Protocol for the TCP and then it's, slash, IP or Internet Protocol.
The HEARING OFFICER: There are no further questions. Mr. Mercer thank you for your time.
MR. MELIS: All right. Thank you.
MR. SHANNON: Would you mind if our witnesses be excused when they come in rather than wait around all day?
MR. MELIS: That's fine.
The HEARING OFFICER: That's fine with me.
MR. SHANNON: Mr. Mercer, could I trouble you to ask Ms. Helen Reynolds to come in next.
The WITNESS: I will do that.
(Witness excused.)
MR. SHANNON: All right. Thank you.
The HEARING OFFICER: Just for the record, I see that we have copies of Exhibit 5. Would you like to pass them out now or do it later?
MS. MARKS: Thank you, Mr. Smith. I will do that now, if you don't mind.
The HEARING OFFICER: Okay. So the corrected version of Security University's Exhibit 5 will replace the previous Exhibit 5.
Whereupon
HELEN REYNOLDS a witness, was called for examination by counsel on behalf of Security University, and after having been duly sworn by the Hearing Officer, was examined and testified as follows:
DIRECT EXAMINATION
BY MR. SHANNON:
Q Ms. Reynolds thank you for being here this morning. Would you please introduce yourself and let Mr. Smith, who is the Hearing Officer, know of your IT background.
A Yes. My name is Helen Reynolds. My IT background is that I've been in the IT field for over twenty years. I worked from different technology. I started from DOS up until Windows and UNIX. I am presently unemployed. I've been unemployed since February of this year. I worked mainly with government contracts working in the IT field.
Q If I could state that you are unemployed in the IT field but you are an elected official, correct?
A Yes. I work part-time on the town council for

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the town of Dumfries. I am a council member there.

Q: Do you have a security clearance?

A: Yes. I have a top secret.

Q: What is your formal education?

A: My formal education. Actually I have five degrees; three associate degrees, one bachelor's degree and one master's degree from Strayer University.

Q: How did you learn of Security University?

A: I learned of Security University when I was unemployed. They had a program at the unemployment office for the WIA program that they were trying to get unemployed people back into the workforce.

I was not clear on that because of my background, some of the technologies that I was using were a little outdated from what was advertised for the skills that they needed for today's market. So they sent me back to school and how I learned about Security University is because I was at the VEC office they gave me a list of schools that I could pick from to let the training that I was looking for.

Q: As we are going through the acronyms because we have a Court Reporter here I just want to make sure we are clear. When you said that your funding was through the WIA program, that's the Workforce Investment Act program; right?

A: Yes.

Q: And when you said that the VEC provided you with a list of schools, that's the Virginia Employment Commission; correct?

A: Yes. And I apologize for that, for using those acronyms without explaining them first.

Q: There is no need to apologize.

The Virginia Employment Commission gave you a list of schools that deal with the technological training issues that you were seeking; correct?

A: Yes.

Q: When did you take classes at Security University? When did you begin?

A: I started, I want to say either late August or early September and the reason I'm kind of fuzzy on that is because that week or right before the school started I fell out of my car and hit my head.

Q: You initially tried to take classes at the Northern Virginia Community College; correct?

A: Yes. I tried to take classes at NOVA because it was closer to my home and the curriculum that I thought

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I was getting into, I thought was going to be more in line with the studies that I wanted; however, Northern Virginia Community College, their curriculum wasn't updated so by not being updated they wouldn't fund me to go to NOVA.

Q: But the Workforce Training Center funded you going to Security University; correct?

A: Yes.

Q: With each class that you took, how many days were the classes?

A: Five days.

Q: What were the types of classes you took?

A: Well, the first class I took was called Network Defender and that's defending the network. So they went in there with different tools that I did not have access to on my home computer, it's a "how to defend" class. So a lot of stuff that I was learning, I couldn't learn on my own because I didn't have those tools.

Q: Okay. What other classes?

A: I took CISSP. I took Penetration Testing. I took PKI and Security+. I had to do an update on my Security+ because I have a Security+ that was

grandfathered in but the government now is requiring that you have Security+, CE, so I had to go back to update my Security+ certification.

Q: What is your feeling about the quality of the instruction at Security University?

A: Well, first of all let me explain that when I first got there I was kind of overwhelmed because I'm used to having courses where it's mostly taught from a book. But when I got to Security University it was more hands-on.

So I actually saw how different tools operated through the network, how to actually go and do different searches, how to use the different tools that they provided me with. So I can actually say I have hands-on experience with that.

Q: Correct me if I'm wrong, that was a value to you when you signed up to take the classes at Security University; correct?

A: That was an extra value because I wasn't expecting to get that. I was expecting to go into a classroom, get the book, showing you a couple of things, might touch some of the things on the Internet but not actually the hands-on.
CROSS EXAMINATION

BY MR. MELIS:

Q Good morning, Ms. Reynolds. My name is Mike Melis. I am the attorney --
A How are you doing?
Q I am doing well. Thank you. How are you?
A I'm doing fine.
Q I represent SCHEV in this matter, the State Council of Higher Education for Virginia.
A Okay.
Q You mentioned that you started at Security University in late August or early September but I missed the year.
A Oh, I'm sorry.
Q That's okay.
A Of 2014, this year.
Q Are you still taking classes at Security University?
A The last class I took was about a month ago and that was a refresher for the CISSP because I had planned on taking it and I still plan on taking it.
Q You still plan on taking it?
A Yes.

Q You anticipated taking more classes at Security University?
A Yes.
Q Are you currently enrolled or considered to be enrolled at Security University?
A I don't understand what you mean. I'm not taking any classes now but I do plan on taking another refreshment course maybe in January because that's when I plan on taking my CISSP.
Q I guess my question is, are you in any sort of program right now where you pay a certain amount of money to Security University or is money paid on your behalf to Security University and you are able to take a certain number of classes over the course of 2014? Is that how it's structured?
A I don't know that part because I went through the WIA program so I couldn't tell you how they work. They say "these classes are approved." As long as they are approved, and I'm being real candid, I really don't care how they handle that part. Sorry.
Q I understand. Just so I'm clear, you don't know whether you are currently considered a current enrolled student at Security University?
A Well, a current student -- when you say enrolled, to me this is what I'm taking -- when you say enrolled, to me means that I'm planning on taking a class in February. That's what enrollment means to me.
Q Okay.
A I plan on taking another refreshment course on my CISSP that I have not taken. You know, I have not enrolled in it yet but I don't have to go through the process of re-enrolling if that's what you're saying. Or that's what I'm hearing. Maybe that's where the disconnect is coming from.
Q No. That's fine. I'm just trying to understand what your current status with Security University is. I guess that's what I'm asking, what your current status with Security University is.
A Oh, okay. Because when I took classes at different universities, once I took my first class I still was considered a student so when I look at that to answer your question I think I'm still considered a student because once I did my first enrollment because of if want to take classes at NOVA or Strayer or any other university I don't have to go through that process of, you know, re-enrolling or anything so I don't know if that answers

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your question. I'm trying to make sure I'm understanding what you're asking.

Q: I think you are doing fine.
A: Oh, okay.

Q: Let me move on to another question. Prior to your first enrollment at Security University, prior to signing up at Security University to take any classes, did you have an opportunity to review any of Security University's documents that they would provide to potential students?

A: I went to their website. Before I do anything I always try to do some research on that because I didn't want to -- first of all, I looked at Herndon. I live in Dumfries. First of all, that's a drive for me.

So if I'm going to invest my time and energy, I wanted to make sure that I'm going to get what I need out of that university. So to answer your question, yes, I went to their website and I looked at the different curriculums. I looked at what other students were saying and yeah, I tried to do my due diligence for that.

Q: If I understand correctly, any information you researched regarding Security University came from your going on their website; is that correct?

August.

Q: That's fine. I don't need an exact date. I'm just curious as to the time frame; so right around July, August, of 2014?

A: Yes.

Q: It sounded like you mentioned having discussions with folks at Security University, who did you have discussions with?

A: With Ms. Schneider.

Q: Ms. Schneider?
A: Yes.

Q: Was there anyone else you spoke with about your enrolling in Security University?

A: Just my WIA caseworker.

Q: But that's not someone affiliated with this Security University?

A: No.

Q: I'm going to show you what is Exhibit 8 of SCHEV's exhibits. It's the brochure. Do recall whether you reviewed this Security University brochure before?

A: I saw that before but I don't think I saw it prior to me enrolling in it but I've seen that brochure.

Q: You don't think you reviewed this before enrolling at Security University?

A: I don't recall. Whatever was on the website is what I saw.

Q: You think that you may have seen this at some point?

A: I have copies of their brochure. I do have copies of that.

Q: Do you know where you got it?
A: Probably at the school.

Q: Thank you, Ms. Reynolds. I appreciate your time.

A: Thank you.

MR. SHANNON: I just have a couple of follow-up questions.

REDIRECT EXAMINATION

BY MR. SHANNON:

Q: You are going to stay with Security University until you are employed, that's what I'm assuming; correct?

A: Yes.

Q: I should have clarified this, you started off receiving funding through a Workforce Training Center, right?

A: Yes.
|---------------------------------------------------------|-------------|

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<tr>
<th>Q</th>
<th>You are aware that Security University has a grant through the Department of Labor; correct?</th>
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<tr>
<td>A</td>
<td>Yes.</td>
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<td>Q</td>
<td>Are you aware that it's the Department of Labor grant that is going to be used to fund classes that you are going to take in the future until you find employment?</td>
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<td>A</td>
<td>Yes.</td>
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<td>Q</td>
<td>I should have made that clear at first.</td>
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<td>A</td>
<td>And to be honest, I wouldn't care where it came from. I just wanted the training.</td>
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<td>Q</td>
<td>I understand.</td>
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<td>THE HEARING OFFICER:</td>
<td>Do you have any other questions for Ms. Reynolds?</td>
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<td>MR. MELIS:</td>
<td>No. Thank you, Ms. Reynolds.</td>
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<td>THE WITNESS:</td>
<td>Thank you.</td>
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<td>THE HEARING OFFICER:</td>
<td>Ms. Reynolds, just for my benefit. I'm trying to learn the terminologies.</td>
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<td>CISSP, do you know what that stands for?</td>
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<td>THE HEARING OFFICER:</td>
<td>And PKI?</td>
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<td>THE WITNESS:</td>
<td>Is Public Key Infrastructure.</td>
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| Thank you very much. |
| THE WITNESS: | Thank you and I apologize again for the acronyms. |
| MR. SHANNON: | Ms. Reynolds, could I ask you to ask Mr. Sager to come in. |
| THE WITNESS: | Yes. You all have a nice holiday. (Witness excused.) |
| Whereupon |
| TONY SAGER |
| a witness, was called for examination by counsel on behalf of Security University, and after having been duly sworn by the Hearing Officer, was examined and testified as follows: |
| DIRECT EXAMINATION |
| BY MR. SHANNON: |
| Q | Mr. Sager, thank you for being here this morning. Would you please introduce yourself to Mr. Smith who is the Hearing Officer and explain to him your professional background. |
| A | Sure. Absolutely. My name is Tony Wilson Sager. Background; I am a retired federal employee so I worked at the National Security Agency for thirty-four and a half years. All of it kind of in a business that is now known as CyberSecurity. |
| I worked as a cryptographic mathematician and software analyst and sort of a vulnerability finder, someone who deals with flaws and how things break and you know, how they can be manipulated. |
| So thirty-four and a half years of that covering a wide range of jobs from analyst to executive manager and then kind of the peak of my career I ran all the security testing organizations for NSA for defense so probably 750 people, something like that, about one third military. |
| So I have a lot of background in security testing, analysis and security guidance and sort of cyber defense overall. I retired about two and a half years ago and I have two part-time jobs that I do. I went to work for something called the SANS Institute part-time. |
| SANS is an acronym for System Administration Networking and Security, I believe -- to run -- not to teach but to run special projects for them and I took the, with their permission, took the largest special project there and about eighteen months ago spun that off into a separate nonprofit company so that's where I spend most of the time. |

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my time at a company called The Counsel on CyberSecurity which is about the development and sustainment of best practices in CyberSecurity.

And then I retain another part-time job with the SANS Institute. I run a very small wholly owned subsidiary of the SANS Institute that is dedicated to instruction with -- the instructors all have security clearances is the distinguishing part. It's a very small part of a much larger company.

So the last two and a half years have been in a variety of these things. I do a lot of volunteer work in cyber workforce for DHS, for the DoD and other groups like that.

Q What is the workforce demand for IT professionals trained in CyberSecurity in this area, the Washington, D.C. area and Northern Virginia?

A Do you mean in terms of sort of the volume, the overall need or --

Q Yes.

A -- the specific skills?

Q The overall need.

A Yeah, from my perspective the demand is unlimited at this point. I was involved in a study in

2008 that was a, I'm sorry I don't have it with me, it was sponsored by a think tank downtown to look at the whole CyberSecurity problem and produced a report.

The intention was to give whoever the incoming President was, this was in 2008, a set of recommendations around CyberSecurity and about one fifth of it was around manpower issues.

The conclusion of that group, which was a pretty big name group that met for about six months, was that we have a national crisis in terms of a shortage of people with the right kind of skills and at the right place.

At that point I was running a pretty big organization so in terms of hiring, where I described we were it was the "cannibalization stage" where people were, you know, there weren't enough people and everyone was stealing everybody else's people was the way that you built your workforce, in particular from the private sector side reaching into government and getting people out.

In 2012, right after I retired one of the first volunteer things I did, I was asked to serve for the Department of Homeland Security. We had this gigantic dissatisfaction with the pipeline of folks both in volume and specific skills coming out.

Q What is the Committee on National Security Systems otherwise known as CNSS?

A That is a national body. I won't remember all the details but it was chartered by a presidential directive in like 2000, 2001, something like that, presidential directive something or other.

It actually modernized an older thing that had been around since the 90s but it's a national body. The CNSS is a body that has representatives from around twenty or so, or high teens, government agencies and it covers all the military, law enforcement, DoD, Intel and then some others you might not think of like the Department of Justice, Treasury and folks like that.

Its charter is to establish standards for what was called information assurance -- that's the official term of art in the government for CyberSecurity -- information assurance for all of the government that deals with what is called national security information.

So these are all formally defined in the presidential document. All those agencies have a voting membership on it. So it sets things like standards of
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<td>training, standards of security issues, directives, instructions, and so forth.</td>
<td>so I was involved at NSA with setting up what is called the Centers of Academic Excellence.</td>
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<td>That body, the CNSS, part of the directive assigns the National Security Agency, this is how I got involved, is designated as the executive agent. So it's the government agency that is in charge of making it happen. And so NSA provides the secretariat, the support staff, provides the manpower to run it, et cetera, et cetera.</td>
<td>And so what that does is, it uses the standards created by the CNSS and says, if you want to be designated as a Center of Excellence you have to meet the requirements of the CNSS. So a school then looks at the requirements called out that were developed by the government, writes an elaborate application that they, in fact, meet those -- they make a case that their curriculum and the education they give their students meet those standards.</td>
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<td>The body meets every quarter. It issues a number of official things. It establishes training standards and the things I mentioned there and, you know, again sort of provides the national government level infrastructure around that. It spills a lot into the commercial side because it often affects the contractors, for example, who work for the government so the requirement might be that they have to meet the CNSS standards.</td>
<td>That application gets submitted to the CNSS. There is no building that is the CNSS' building. It goes to NSA and then those applications are reviewed and again there is no -- NSA provides the labor that actually executes all of that as the executive agent.</td>
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<td>Q For purposes of meeting the CNSS standards, what do private sector schools need to do in order to conform to those standards?</td>
<td>So most of the people that to review the applications actually work for me. So they were technical analyst, you know, engineers, computer scientists, mathematician kind of folks and as a part-time sort of voluntary activity they would agree to review these applications when they come in.</td>
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<td>A There is an elaborate, extensive application process and for example -- and some things spun off of it</td>
<td>Q You are familiar with the process but you were</td>
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<td>not actually the one reviewing schools -- A No. I was not.</td>
<td>Are you familiar with Security University's reputation in the relevant field?</td>
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<td>Q -- correct, just to be clear. A Correct. No, I ran -- at that time, again, the group I had was probably 700, 750. And so, you know, I would put out a call. I would coordinate with the executive staff and they would say we have these applications coming in, so many per month over the next few months, could you have a team ready. I would assign a staff officer to find people who would be willing to spend a day or a week here and there. Q You would assign people within NSA which was the secretariat -- A Exactly. Q -- to be involved with the application process for schools that wanted to be recognized by CNSS; is that correct? A That's correct. Q For the purpose of the binders, I'm referring to what Ms. Marks had handed out to everyone beforehand but also Security University Exhibit 10 which would be the CNSS and NSA certifying Security University with regard to the subject matter of expertise.</td>
<td></td>
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</table>
or fifty but, you know, the reputation was that they are one of the places we would go for that.
Sort of since, you know, now I'm in the, at least nominally, in the training part of the marketplace, with the SANS Institute, so I am familiar with Security University as, again, one of the name companies in the business.
They teach sort of intense, hands-on, super techie kind of courses that are used as the buildup to formal certification in a number of different places.
Q While we are on the subject of super techie, let me pivot for a second. There are external credentialing organizations that administer tests such as the CISSP; correct?
A Correct.
Q As somebody who is in the field right now, what is your understanding with regard to companies teaching classes geared towards helping people pass those tests but not having a formal relationship with the external credentialing organization?
A So the preparation training as distinct from the class -- or, I'm sorry -- certification of the test.

pool of money to get the training but they would have to pay out of pocket separately or find some other means to pay for the test and the certification. Even though we were, in effect, asking them to do that the ruling was that those were separate activities.
It wasn't like we had to get the company to unbundle them. They were, in fact, separate activities from my perspective. Again we also trained our own internally so it never occurred to me that there would be a connection between them, you know, you are required to take the class from the giver of the certification. I didn't see that at all.
Q I have no other questions on direct.
THE HEARING OFFICER: Cross.
MR. MELIS: Very briefly.
THE WITNESS: Can I clarify one thing on my last remark. I'm not saying there weren't -- I'm just not aware of any sort of formal test and certification that required you to take their classes.
It was my understanding that was not -- that wasn't an exception. I just can't think of an exception. I'm not precluding it. I know for in-house certifications at NSA you had to take our NSA class to be certified as a red teamer. That may have included pointing to some commercial classes. Those were in-house within the government.

CROSS EXAMINATION
BY MR. MELIS:
Q Good morning. My name is Mike Melis. I am the attorney representing the State Council of Higher Education today. Thank you for being here. Just a few questions in follow-up.
One is, let's start with the issue that you just mentioned which is, you talked about how often you train internally for a particular certification that may be offered by an outside organization; is that correct?
A Right.
Q When you say "internally," what organization are we talking about that internally?
A Yeah, I'm talking within the National Security Agency and I'm aware of that in other government agencies but, you know, we expected to spend some of the taxpayer provided resources for the development of people internally and so we might develop an in-house class if it got taught more than once.
NSA is unusual in that it has its in-house
training organization called the National Cryptologic
School so it might get formalized and turned into a class
that would be open to the rest of the NSA workforce.
But the idea was that we would be using taxpayer resources
to create some specialized training.
And I would say if I could look at it
historically, again when I started in the 70s and 80s,
you know, it was primarily you took somebody out of
college with the appropriate degree and we trained them
effortlessly entirely in-house and then over the last say
fifteen years in particular there is a significant
transition to say it's vastly more cost-effective to use
commercial for everything.
It's sort of basic technology, analytic
techniques, stuff like that and save the in-house
resources for things that are truly unique and not
available in the market.
Q Focusing on training that is done internally
at the National Security Agency, you would agree that
training is not subject to the Virginia Administrative
Code and oversight by SCHEV because the National Security
Agency is not a post-secondary educational institution;
correct?

The requirements get published in this CNSSI,
so the instruction with that number means that's the
formal thing. Then, of course, NSA is not teaching all
those courses. In fact, you could probably say
essentially none of them.

Schools then say, well, I can -- I see that
published criteria. I can teach that. In order to get
the certificate, this is the way I understand it, they
fill out an application which takes the things that they
teach and maps it to those requirements called out in that
instruction.
So it's called out -- it would've been my
folks that helped write the instruction in terms of the
technical content -- but that may or may not be easy to
map it to like a university semester course in system
administration.

So the exercise was to take your curriculum,
your labs, your whatever it is you provide and make the
case that you, in fact, cover everything the government
has asked. I actually don't know what the pass rate is of
folks. I know it wasn't a hundred percent.

So my folks would've been involved in the
writing of the instruction, you know, the specifying and

A Right.
Q Do you have any familiarity with the Virginia
Administrative Code as it relates to post-secondary
education?
A No, I don't.
Q And you don't have any background with post-
secondary education in terms of operating a post-secondary
education institution or anything like that?
A No.
Q I want to make sure I understand these
certificates that are identified as Security University
Number 10; what is your understanding of what these
certificates are for?
A So this "I" at the end, that's an Instruction.
So the CNSS is the body and then -- this is a very
governmenty thing -- an "I" has a particular formal
meaning, it's Instruction. There is a "D" for Directive
and there are other things like that.
So this number, and I don't know the details
of this, but NSA as the executive agent created the
content that is in this instruction and that instruction
is intended to define the expected job skills of a system
administrator, someone who operates a piece of IT.

then in the review of the application from whatever
commercial entity or academic institution wanted to make
that claim.

And then the CNSS -- and so we would then --
this is the whole governmenty write -- NSA, the executive
agent would turn to the committee and say, you know, we've
reviewed so and so, they've passed and that they would be
issued from the CNSS, the certificate. Is that okay?
Q I think so. It's a little bit --
A I know it sounds little bit convoluted but
it's kind of a formalized dance on that.
Q I think I understand the substance of what you
are saying. You talked about CNSS and obviously that is
the Committee on National Security Systems and then the
"I" you indicated means instruction?
A Yes, either instruction or issuance. I think
it's "I" for instruction.
Q What is NSTISSI?
A Where is that? Is that in here?
Q It might be -- if you go to the next
certificate. There are two. Security University Number
10 is actually two different certificates.
A Oh, okay. I believe -- I said that the CNSS
was actually the directive that creates, it was signed by
Bush in like 2000, 2001, it was actually a replacement of
an older one and I think this NSTISSI was the, I forget
the acronym now, but it was the name of the predecessor to
the CNSS.
So this whole model actually kind of dates
from 1990 or so. I don't remember what the acronym stands
for. A lot of this, you know, the focus today on computer
stuff was really preceded by a decade or so of focus on
telecommunications.
So that committee would've been heavily biased
around AT&T and folks like that, you know, the
communications carriers and then you've seen the whole
business morph over the last three decades to really much
more of a focus on IT and computing. The 2000 thing from
Bush was really a refresh -- I think -- I'd have to go
look it up.
I'm fairly sure that's the older name. It
would've had its own numbers. There was a fair amount of
name changing membership, specific agencies involved were
changing and that kind of stuff. I'm fairly certain
that's correct.
Q As a layperson looking at these two
certificates, let me just tell you taking what you've just
said and looking at these certificates it's how I read the
certificate and you tell me if I'm incorrect.
A Okay.
Q As a layperson looking at the certificate I
see that the CNSS is identifying that Security University
meets CNSS training standards for individuals to be
considered Information Systems Security Professionals or
Senior System Managers or System Certifiers or System
Administrators or Risk Analysts?
A Correct.
Q That's what this is telling us?
A Correct. In other words, they would be an
approved source of training, for example, for people that
work for me or any other government agency. This was not
limited to NSA of course. If you wanted to make that
claim that you were certified by the CNSS in this job then
you would have to go to an approved source that had been
validated as such.
Q So I could come out of Security University and
I'd apply for a position as a risk analyst, for example,
and I would be able to say to my potential employer that I
got to Security University which has been certified by
the CNSS to meet training standards for risk analysts?
A That's right. You could make that statement.
Again, the government agencies, they may have a work role
name or a job name that doesn't quite lineup with that so
it would be up to the hiring manager to figure out, okay
yeah, that's basically 90 percent of this job that I have
in this job classification, et cetera, et cetera.
Q These documents that we are looking at,
Security University Number 10, as I read them, do not
state that Security University courses that are geared
toward achieving a particular certification given by some
other outside agency in the private sector, that those
Security University courses meet the training standards
for achieving that certification by the outside private
sector?
A Like a CISSP or Security+
Q Yes.
A I think I followed you and that is true. This
is making strictly a statement about the courseware and
its relationship to the CNSS issued standards.
Q For particular positions?
A For these particular positions as defined by
the government. So as a government hiring manager, I
wouldn't be surprised if, you know, when one of the folks
who work for me say, you know, I want to hire someone.
Well, what are you looking for?
Well, it might include a mix of these, you
know, they ought to be certified here but they could
easily be CISSP, plus it could be a computer science
degree or an engineering degree or something like that.
So it could be some mix of those, you know, specified in
terms of the job.
I certainly have seen people put, "I have
taken these courses and passed these courses and I meet
the requirements of CNSSI dash whatever." You see that on
people's resumes as a claimed credential. Did I answer
your question?
Q You did. Thank you. I appreciate your time.
A My pleasure.
MR. SHANNON: I have no other questions.
THE HEARING OFFICER: And I have no questions.
MR. SHANNON: Mr. Sager, could I trouble you
to see if Mr. Cutler is in there.
THE WITNESS: Sure. I will send him right in.
(Witness excused.)
Whereupon

KEN CUTLER

a witness, was called for examination by counsel on behalf
of Security University, and after having been duly sworn
by the Hearing Officer, was examined and testified as
follows:

DIRECT EXAMINATION

BY MR. SHANNON:

Q Good morning, Mr. Cutler. I am Steve Shannon
and I would like you to answer some questions for the
benefit of Mr. Smith who is the Hearing Officer.

A Okay.

Q I will ask some questions and then my
counterpart, Mr. Melis, who represents SCHIEF will ask you
some questions.

A Okay.

Q Would you please introduce yourself and state
your relationship to Security University.

A Okay. I'm Ken Cutler and my current role with
Security University, I'm chief -- Security University is
my largest consultant. I'm Ken Cutler and Associates and
I play the role of director of curriculum and professional

as this and Lyndon Johnson was President of the United
States.

Q What positions have you held since 1967?

A I've been the chief information officer of
Moore-McCormack resources. I've been the head of
information security, chief information security officer
for American Express. I was the manager of quality
assurance data security for Martin Marietta, now Lockheed
Martin.

I was at the MIS Training Institute for
eighteen years and that's when Sondra and I met. I
founded their security program. One of the largest, most
famous conference in the world I founded and chaired for
sixteen years. I was doing security before it was
invented.

Q What classes do you teach at Security
University?

A I teach the CISSP. I teach the CISM On Demand
and Security+.

Q Let's slow down because there are some
acronyms that we --

A The CISSP --

Q Well, the easiest way to do this is I'll try
to keep my questions concise and then you can answer them.

A Certainly.

Q What is CompTIA Security+?

A Okay, CompTIA is a certifying organization for
a multitude of IT related certifications. We teach the
Security+ certification. That is a technical, I'll say,
introductory security certification that leads you into
more advanced pursuits.

Q There is a formal relationship between
Security University and CompTIA; correct?

A And Sondra can explain that.

Q What is CISM?

A That is a Certified Information Security
Manager.

Q What does that mean?

A That is someone who is certified to be head of
security like say a chief information security officer or
one of their lieutenants. CISM, Chief Information
Security Manager or Certified Information Security
Manager, CISM, and they would usually be a lead position,
more of a policy strategy person.

Q What is CISSP?

A CISSP is the Certified Information Systems

development, also lead instructor on professional
certifications such as the CISSP and CISM and also
Security+.

I've known Sondra Schneider since July of
1998. I was with MIS Training Institute and she was one
of my attendees and in those years that followed she was a
contractor to me. We did many different training programs
together, the COMDEX conference in Las Vegas every year
and many others and now I'm a contractor to her.

Q To be clear just to streamline this, you deal
with academic instruction but not --

A Instruction, also curriculum oversight and
direction and things like that.

Q But you do not deal with the nitty gritty
administrative --

A No, No administration. No sales. No
accounting. None of those types of things. Just straight
academics.

Q What is your IT background?

A I've been doing IT since 1967.

Q What does that mean?

A Basically, I learned to program computers when
they were punch cards and the computers filled rooms such
Security Professional.
Q What is the relationship between CISSP and ISP squared?
A That's ISC squared.
Q I'm sorry, ISC squared.
A ISC squared is a multifaceted organization. They have a nonprofit which anoints you with the certificate if you pass the exam and produce the proper experience. And then they have a for-profit training arm as well as my understanding of their organization.
Q So let's walk this through. Security+ is to CompTIA as CISSP is to ISC squared?
A Yes, exactly. They are the bodies that -- the CISSP is more professional and you have to present experience in addition to passing the exam. The CompTIA stuff, you pass the exam.
Q There is not a formal relationship with regard to CISSP?
A No, and that's very common in the industry.
Q How do you know that?
A Because I have done it for other organizations such as MIS Training Institute. I've been doing CISSP training for over twelve years, long before I worked with Security University.

A That's correct.
Q What is your sense of the workforce demand in the area for information security professionals?
A Okay. The demand is very high. The Department of Defense has decided to change their terminology from information assurance to the magic term called CyberSecurity and we provide extensive training to allow people to be proficient in that area.
Q I don't have any other questions.

MR. MELIS: Just a few.
CROSS EXAMINATION
BY MR. MELIS:
Q Thank you for being here, Mr. Cutler.
A Glad to assist.
Q My name is Mike Melis. I am the attorney for the State Council of Higher Education for Virginia.
You indicated that your relationship with Security University is that you are currently a contractor; is that correct?
A That's correct.
Q How long have you been a contractor to Security University?
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<td>1. part-time things with them.</td>
<td>1. founder, Michael I. Sobel. He founded MIS Training</td>
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<td>2. Q Which of those entities -- so CPE, MIS and</td>
<td>2. Institute in 1978 which targeted training initially for</td>
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<td>3. Security University --</td>
<td>3. auditors and he brought me on board and I founded the</td>
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<td>4. A And also people may come to me. I also do</td>
<td>4. Information Security Institute and headed the entire</td>
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<td>5. consulting. Not training but, you know, consulting to</td>
<td>5. security curriculum over the period of eighteen years.</td>
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<td>6. help them do like security audits and things like that.</td>
<td>6. Q You worked for MIS for -- it sounds like you</td>
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<td>7. Q What percentage of your time, your</td>
<td>7. still work for them but --</td>
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<td>8. professional time, is spent on your Security University</td>
<td>8. A No, just as a contractor. I was a full-time</td>
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<td>10. A I would say of the portfolio I have, I would</td>
<td>10. Q How long were you a full-time employee?</td>
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<td>11. say roughly about 85 to 90 percent.</td>
<td>11. A Eighteen years.</td>
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<td>12. Q Is that a contract that renew...</td>
<td>12. Q From what time period?</td>
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<td>13. basis or is that a more long term contract?</td>
<td>13. A Well, that would’ve been from, let’s see,</td>
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<td>14. A It’s just perpetually renewing and then we have</td>
<td>14. 1992 to 2011.</td>
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<td>15. the right to null and to end it as a joint decision</td>
<td>15. Q Immediately preceding your contact with</td>
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<td>16. or whatever.</td>
<td>16. Security University?</td>
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<td>17. Q How much does Security University pay you</td>
<td>17. A Yeah. Yeah. Sondra was a contractor to me on a</td>
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<td>18. under that contract?</td>
<td>18. number of events, whatever, doing seminars. Also, she</td>
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<td>19. A I have a retainer fee of $130,000 per year and</td>
<td>19. and I would go to Las Vegas and do a big conference</td>
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<td>20. other incentives if I do extra projects and things of</td>
<td>20. together.</td>
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<td>21. that nature.</td>
<td>21. Q I believe you met -- I thought I wrote it down</td>
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<td>22. Q Can you tell me what MIS stands for?</td>
<td>22. but --</td>
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<tr>
<td>23. A Yeah, that’s actually the initials of the</td>
<td>23. A We met at one of my event's in 1998 at Hilton</td>
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<th>Head South Carolina.</th>
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<td>1. Q Right. 1998. I do have that.</td>
<td>1. MR. SHANNON: I have just one or two.</td>
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<td>2. My understanding is you did not participate in</td>
<td>2. REDIRECT EXAMINATION</td>
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<td>3. the audit that SCHEV did of Security University; is</td>
<td>3. BY MR. SHANNON:</td>
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<td>4. that correct?</td>
<td>4. Q What is CWNA?</td>
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<td>5. A No, I was not here for that.</td>
<td>5. A OKAY. THAT IS THE CERTIFIED WIRELESS NETWORK</td>
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<td>7. Q And you didn't participate in the Informal</td>
<td>7. Q Do you have anything to do with regard to</td>
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<td>8. A No. I had no involvement in that whatsoever.</td>
<td>8. teaching that?</td>
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<td>9. Q You mentioned three courses that you teach,</td>
<td>9. A Well, actually as a fill-in I did do that once</td>
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<td>10. CISSP, CISM and Security+</td>
<td>10. to fill in for an instructor who wasn't available</td>
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<td>11. A That's correct.</td>
<td>11. at the time. That was an emergency situation so I</td>
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<td>12. Q Are those the only courses that you teach at</td>
<td>12. had to fill in.</td>
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<td>13. Security University?</td>
<td>13. Q I don't have any other questions, Mr. Smith.</td>
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<td>14. A At the moment, yes.</td>
<td>14. THE HEARING OFFICER: Okay. Any further questions,</td>
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<td>15. Q Have you taught other courses in the past?</td>
<td>15. Mr. Melis?</td>
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<td>16. A No, just those three.</td>
<td>16. MR. MELIS: No.</td>
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<td>19. Q Those are all of the questions I have. Thank</td>
<td>19. MR. SHANNON: He can be excused, correct?</td>
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<td>20. you for your time.</td>
<td>20. THE HEARING OFFICER: Yes.</td>
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<td>21. THE HEARING OFFICER: I don't think I have any</td>
<td>21. MR. SHANNON: Thank you for coming in.</td>
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<td>22. questions. Thank you.</td>
<td>22. (Witness excused.)</td>
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<td>23.</td>
<td>23. MR. SHANNON: We have one more and, Mr. Smith,</td>
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18 (Pages 66 to 69)
it's Brad Boute who is going to come in through Skype.
(The witness appeared via Skype.)
THE HEARING OFFICER: Mr. Boute, I am the
Hearing Officer. You can't see me but could you raise
your right hand please, sir.
THE WITNESS: Let me try my headset. You are
breaking up a little bit. Just a moment. Go again.
THE HEARING OFFICER: My name is David Smith.
Can you hear me now?
THE WITNESS: Yes.
THE HEARING OFFICER: I know you can't see me
but could you raise your right hand please, sir.
Whereupon
BRAD BOUTE
a witness, was called for examination by counsel on behalf
of Security University, and after having been duly sworn
by the Hearing Officer, was examined and testified as
follows:
DIRECT EXAMINATION
BY MR. SHANNON:
Q. Mr. Boute, this is Steven Shannon; can you
hear me?
A. Yes, I can.

Q. Is that on behalf of ACCET?
A. Yes.
Q. You have a hearing with ACCET this Friday,
December 12th; correct?
A. Correct.
Q. The findings of the body or Hearing Officer
have to be within thirty days of the hearing date;
correct?
A. Correct.
Q. I want to ask you one substantive issue from
which I saw some overlap and it had to do with the 98
percent pass rate issue.
A. Okay.
Q. ACCET had required some information with
regard to that; correct?
A. Yeah.
Q. Can you explain that backdrop of that issue?
A. ACCET was requesting Security University to
clarify the 98 percent primarily because at the time of
their response in June the document that was submitted was
corrupted and couldn't be opened.
Q. What was the methodology that ACCET requested
you to verify that percentage?
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1. A Yeah, and they're not specific. They're just wanting the school to report on all of them.
2. Q Did you provide that data to ACCET?
3. A We did.
4. Q What did the data show?
5. A The data showed an overall comprehensive 98 percent rate for all three combined.
6. Q With regard to CISSP, the data you had, and correct me if I'm wrong, was during that time period on eighty-three out of ninety test takers?
8. Q In contrast to the other tests where you had 100 percent of the test takers captured; is that correct?
10. Q With regard to the eighty-three out of ninety individuals that you had data for, what was the percentage pass rate?
11. A If you were to look at all eighty-three and exclude the seven we didn't have it would be 100 percent.
12. Q Which is consistent with the data you had on TesTrac and Security+ which was 98 percent; correct?
14. Q I don't have any other questions. Mr. Melis

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1. will.
2. CROSS EXAMINATION
3. BY MR. MELIS:
4. Q Yes. Good morning. Can you clarify for me, I just want to understand what your role is in assisting Security University with the ACCET accreditation; are you working for Security University in that process?
5. A I am a consultant for them.
6. Q When were you retained as a consultant for Security University?
7. A Mid to late October, I believe it was. I don't remember the exact date.
8. Q Of this year, October 2014?
9. A Yes.
10. Q What is the scope of your contract with Security University? Is it specifically to assist with the ACCET accreditation issue or is it larger than that?
11. A That's it. It's to assist with the ACCET appeal.
12. Q Staying on what the scope is for a moment, is it limited to addressing the 98 percent pass rate issue or is it larger than that too?
13. A It's to address all of the concerns that were

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1. brought forward by ACCET in the appeal.
2. Q How is it that you were retained by Security University? Have you worked with them in the past or have any prior relationship with Security University?
3. A No, not at all. I was referred to them by another associate.
4. Q Who was that?
5. A It's another person within the ACCET community, a prior consultant that I had a relationship with.
6. Q What is that person's name?
7. A I don't know that I'm allowed to present that.
8. MR. SHANNON: It's not classified; right?
10. Her name is Darlene.
11. BY MR. MELIS:
12. Q Do you have a last name?
13. A Off the top of the head I can't remember it. I can't remember her last name off the top of my head.
14. Q Is it --
15. A I can look it up.
16. Q Is it Forre, F-O-R-E-T?
17. A Yes.

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1. Q Do you know if Darlene has a relationship with Security University? Is she an employee or a contractor or anything like that?
2. A I believe they've worked together in the past but I don't believe they are currently working together in any capacity.
3. Q How is it that you are qualified to assist with ACCET accreditation issues?
4. A Sure. So I've been working with ACCET for six years now and prior to them I worked with other accrediting institutions. I've been in higher ed. since 98 and specifically with ACCET as I mentioned earlier. I've been on seventeen different site visits as either a specialist in curriculum area or the overall peer review team leader. So through those seventeen visits I've become very familiar not just with the ACCET standards but also their processes and the schools that they visit.
5. Q You have been on visits where you are reviewing a school for purposes of determining whether they meet ACCET's accrediting standards?
7. Q Do you still do that?
1 A The last one I did was, I think, last year.
2 My current position doesn't allow my school to volunteer
3 me as much as I'd like but I am still involved as much as
4 I can be.
5 Q What is your current position?
6 A Currently I'm an admissions officer at the
7 school where I work.
8 Q Which school is that?
9 A Southwest Institute of Healing Arts.
10 Q How long have you been employed by that
11 particular school?
12 A Six years but I've only been admissions
13 officer for a year and a half.
14 Q Is my understanding correct that you have
15 compiled data for Security University to present to ACCET
16 regarding the 98 percent pass rate claim?
17 A Yes.
18 Q I'm just asking that because that's my
19 understanding of your testimony is that your role in
20 executing your contract. At least one of your roles is
21 having compiled the data regarding the 98 percent pass
22 rate claim conveying that to ACCET, the accrediting
23 agency. I just want to make sure I understand that

1 Q No data was compiled outside of that date
2 range; is that correct?
3 A I did not receive any data outside of that
4 date range.
5 Q Of course, my understanding is students aren't
6 required to report back their success or failure on that
7 particular exam. This is something that students have the
8 option of or they can if they want to basically; is that
9 correct?
10 A Yeah. They are requested to report back on
11 that data.
12 Q Requested by the school; is that right?
13 A Correct.
14 Q But there is no requirement from either the
15 certifying agency or certainly not under any particular
16 law or regulation that they report back their results to
17 the school; correct?
18 A There is no law that I'm aware of. No.
19 Q I guess the question is, the student has the
20 option of complying with the request or not?
21 A Correct.
22 Q Okay. Those are all the questions I have.
23 Thank you for your time.

1 MR. SHANNON: Thank you, Mr. Boute.
2 THE WITNESS: Okay.
3 (Skype closed.)
4 MR. SHANNON: We have one more witness. Would
5 it be possible to take a two minute break?
6 THE HEARING OFFICER: Maybe longer. We will
7 go for ten minutes.
8 (Break.)
9 THE HEARING OFFICER: Back on the record after
10 a short break. Your next witness?
11 MR. SHANNON: Mr. Smith, we have one more
12 witness in our presentation. I've already explained this
13 to Mr. Melis. My purposes of the Court Reporter, my law
14 partner, Meg Marks, is here. She is going to do the
15 direct on a number of the issues.
16 We've broken them down by issues from the 2014
17 audit. There is a methodology to our order but it is not
18 consistent with the briefs, 1, 2, 3, 4, and so our job
19 presenting the evidence clearly is to make sure that
20 everybody is on the same page but also that we have hit
21 all the points in our brief and the brief of SCHEV.
22 THE HEARING OFFICER: You've already discussed
23 this with Mr. Melis?
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  MR. MELIS: Yes, and I appreciate the clarification.

  THE HEARING OFFICER: That's fine with me.

  Whereupon
  
  SONDRA SCHNEIDER
  
  a witness, was called for examination by counsel on behalf
  
  of Security University, and after having been duly sworn
  
  by the Hearing Officer, was examined and testified as
  
  follows:

  **DIRECT EXAMINATION**

  **BY MS. MARKS:**

  Q. Good afternoon, Ms. Schneider. I know we know each other but for the record this is Meg Marks for Security University. Could you provide a little bit of your history prior to Security University.

  A. Yes. In 1990, I found myself unemployed. I had been in computers since 1986 and I wound up in the workspace doing small video-type of conferencing way pre-IBM, P2P. I don't know if you remember those days, the little postage stamp video.

  So I was working with a small organization called Datapoint after becoming unemployed and stranded in Canada. So I came back in the United States. I found myself in a position where I couldn't work in that particular business and I found other work otherwise.

  So Datapoint actually sort of got me to realize that people wanted to collaborate and I wound up -- once they got acquired I went to a small company called MFS DataNet, Metropolitan Fiber Systems and they were actually the people who laid the bandwidth on the eastern seaboard for the Internet, the pre-Internet.

  So I literally lit every building from Northern New York through South Carolina for Internet conductivity. I left them when they got acquired in this area. The name of that company is called UUNET. I have no idea what UU stands for but I know it's UUNET.

  I went to work for a small organization called AT&T as the first Internet specialist after Al Gore and I created the bandwidth for the Internet. So I stayed there until 1996 and while employed as the first Internet specialist for AT&T, I literally was in charge of developing the very first web page ever for AT&T clients.

  I worked with multimillion dollar accounts out of the northeast region and clients like Price Waterhouse which became Price Waterhouse Cooper and all of these other organizations.

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  But my first web page was created for I-800-FLOWERS. They got into the Internet in 1993. It was our first real cool page ever created and if you recognize they are still probably the largest leading provider of services on the Internet.

  Then in 1994 while skiing in Vermont I met a guy from Bolt, Beraneck and Newman out of Boston and he told me about this thing called a firewall and I said, "A what?" and he said, "You need to come to AT&T," and so at AT&T we delivered the first security solutions ever into the commercial marketplace by delivering the first firewalls.

  In 1996 after spending two solid years developing a cyber -- at that time otherwise known as information security background -- I got a knock on the door from a small group out of San Antonio, Texas to work with them.

  It was called the U.S. Air Force Information Warfare Group and they had the first intrusion detection tool ever. They called me and said "We would like you to come work with us," and I, on June 15, 1996 agreed to go become an employee, their third employee, their second salesperson I think at the time.

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  Their goal and their mission was to develop a relationship with organizations to look and help them assess their security posture. So my goal was to ensure that we helped them have tools to do that.

  That company got acquired in 1997 by Cisco and I was terminated from employment and found myself having to -- I had a lot of stock so when they terminated me and gave me a lot of stock, I turned and built the first security practice in the United States in 1997.

  I ran that business for three years, sold that off to my partners or I had a partner -- they did computer hardware. I did all the CyberSecurity work for them. If you remember when the Wall Street Journal first got compromised by a web defacement, that was my tiger team, people we had trained underneath the Interactive Features Security -- a very forward thinking name -- and that company built cyber -- people who work for myself.

  So we would contract out to companies to help them with their cyber related risk and at that time I never knew I was in education. I met at a conference, Mr. Cutler, and realized, you know, maybe I'm really in education. And so my background is through experience.

  And so in 1999 I sold back my stock to

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22 (Pages 82 to 85)
Interactive Features, the other side, and we sold that practice to Price Waterhouse. Upon doing that, I started Security University in 1999.

I've managed Security University out of my -- I thought I was going to run the business out of New York and instead my first client became the Department of Defense. So I found myself on a plane coming to Northern Virginia. My first office location was in McLean right near Tyson's mall.

We had subcontracted three large conference training rooms from a wireless carrier who had space. We were actually there until they sold that department and we needed to find new space and so for four years we practiced from 2000ish, end of 2000 to 2004, I think, out of McLean, 2004 or 2005 out of McLean.

Then we moved from McLean up into the Reston area and then moved across the street a year later into a large space for three years under a very special contract with another provider and continued to run Security University. That's where our first audit was at, 12021 Sunset Hills Road. And then from there we acquired our own lease and we have a current ten year lease at 510 Spring Street in Herndon.

Northern Virginia workforce office and applied. So we applied with the Security+, the CISSP, the Qualified Information Security Professionals courses which are QEH, Qualified Ethical Hacker, QSA -- well, actually the classes.

Q I'll ask more about the classes later, I don't mean to cut you off.

A And I didn't mean to do that. Sorry.

Q So you get some students from workforce training. Are there other institutions or companies that you get students referred from Security University from?

A Yes. In 2006 we were approved by the GI Bill and we had been working with numerous Chapter 30 students up until August 2013. We also meet corporations out there who basically give us calls and say, "We would like to contract for multiple students to attend a class or multiple classes per student."

Q I think we've heard in testimony earlier that recently Security University got a Department of Labor grant?

A Yes. That was very fortunate. We had been interested in really working closer with the community on our performance-based CyberSecurity certifications and the Department of Labor recognized the need and awarded us a 2.75 million dollar capacity building grant which enables us to allow students to attend school without -- by coming underneath the grant agreement but the money pays for our instructor and pays for lab equipment, Pays for our CyberSecurity range, pays for a new database for certifications. So there is a number of things that were included in the workforce grant that was awarded to us in October of 2013.

Q Do you know how many students have come under that grant?

A I do. We just did our first reporting at the end of October and underneath that reporting data I am very proud about our students' success and really the student success is what we are really proud of.

Fifty-four students have completed one, two, up to, as you heard, six certifications and forty-seven of those fifty-three unemployed individuals are fully employed in jobs greater than $109,000.

The six that are still going through our classes, I wouldn't call it a program but through independent classes, are still looking at employment or for employment.
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1 Q It's a bit of a sidestep but you said earlier
2 that the Department of Labor grant in part pays your
3 instructors for Security University; is that right?
4 A That is how we position that grant, yes.
5 Q About how many instructors are there at
6 Security University?
7 A We have a number of instructors because we
8 teach in -- we are a global organization as well as
9 domestically located here in Herndon, Virginia. We have
10 eight instructors that teach annually, classes that we
11 provide.
12 Two or three of them are more constant than
13 the others and we teach some of the classes in multiple
14 languages so if we were going to Spain, we would teach and
15 Spanish. If we were going to Italy, we teach in Italian.
16 So they are basically the same type of instructor that we
17 would use domestically.
18 Q What is the average age of a Security
19 University student?
20 A Thirty-five to fifty-five.
21 Q What is the admission policy for Security
22 University?
23 A That they understand TCP/IP.

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1 Q Just so the record is clear, this part of the
2 testimony has to do with Violation Number 2 in the 2014
3 audit. If I am a student at Security University and I
4 want to then get a credential, not just be admitted to the
5 school but get a credential, are there additional
6 requirements?
7 A Yes. Security University's mission is to
8 train IT professionals. We typically do not have anybody
9 that is not an IT professional who hasn't been in IT for
10 quite a while. So the admission requirement is that they
11 have an understanding of TCP/IP and, you know, -- I'm
12 sorry.
13 Q Maybe I wasn't clear in my question, so that's
14 the admission policy for Security University?
15 A That is the only admission policy.
16 Q Exactly. And then if you want to get a
17 credential you would have to take certain exams and
18 practicals; correct?
19 A Yes, m'm'am.
20 Q And then you would have to do anything else
21 besides taking certain exams and taking certain
22 practicals?
23 A When a student completes a number of exams to

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1 meet the criteria for a credential like for CISSP they
2 would take a class with us but then they would be required
3 to get someone to vouch for their resume through an
4 application process.
5 We have the same thing at Security University
6 for the Security University testing credentials, QISP,
7 QIAP, QSSP, the same process of endorsement after an
8 application or during the endorsement process.
9 Q Okay. I'll go over those in a bit. So I
10 believe the answer to my question was that you need an
11 endorsement as well as the exams.
12 A An application and an endorser on the
13 application.
14 Q You had just listed a number of acronyms.
15 Let's start with QIAP. If I want a QIAP credential, I
16 guess start with what QIAP stands for.
17 A Qualified Information Assurance Professional,
18 like Mr. Sager had said at the beginning, assurance was
19 what the broad information security role was classified
20 under. The Qualified Information Assurance Professional
21 teaches an individual access, authentication and Public
22 Key Infrastructure which is like your passwords.
23 Q Just so I'm clear, the credential is called

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1 QAP; correct?
2 A QIAP.
3 Q QIAP. Sorry. You're right. For that you
4 need three exams and three practicals; is that right?
5 A Yes. I will be clearer. Sorry
6 Q No. You are fine. I don't want to interrupt
7 you but I was just trying to ask you direct questions.
8 A So the answer is, yes. You need to do three
9 exams and three practicals to earn a QIAP.
10 Q Okay. Thank you. The first one, I think, you
11 just mentioned was QAAP PKI.
12 A Qualified Access Authentication and PKI
13 Professional.
14 Q What does that stand for?
15 A It's the first class name on our approved
16 class listing for Qualified Information Assurance
17 Professional group. It's a group of classes that if you
18 are interested in information assurance and you want to
19 check the box that you understand Public Key
20 Infrastructure or the secure communications of documents,
21 that's the class you would take.
22 Q What about QNSP, that's also an exam you need;
23 right?

24 (Pages 90 to 93)
A Yes. That exam, if you were to take a class would -- actually it's so cool because you would literally combine forces and hit off a rocket. But that entire class is based on policy, network policy, and everything an information assurance professional should know about information assurance policies and that exam has a practical, the other exam has a practical.

Q NSP is Network Security Policy?

A Yes.

Q And then I believe the last exam, correct me if I'm wrong, for the QIAP credential is the QCA?

A Yes. The grouping is Information Assurance and that specific class is about certification and the accreditations of systems. So you know how the federal government keeps getting those F marks, so we build and validate the individual who certifies systems and we give them a process and a methodology inside of that class to be able to go out and have a title of system certifier.

That particular class is also approved by the Navy certifying office under the CNSS standard of 40-16A, Advanced. That class is a very unique class. It's a required class by Navy, U.S. Marines and Army in order to be a system certifier.

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Q Let's move on to another credential: QISP, that requires four exams and three practicals?

A It does but it's for network people versus the first one we discussed is for assurance people, who are really dealing with policies or information.

Q QISP stands for what?

A Qualified Information Security Professional.

Q Out of the four exams there is QEH?

A Yes, Qualified Ethical Hacker. It's about security testing tools where we teach an individual how to use testing tools to look for vulnerabilities -- well, actually it's about security testing. We teach them a skill set for security testing tools.

Q And then there is also QSA-QPL?

A QPTL. So Qualified Security Analyst, dash, Qualified Penetration Tester License workshop are technically two courses run simultaneously. A student comes in at 8:00 a.m. and they learn how to do the process and methodology for penetration testing, security analysis.

Each evening from 4:00 to 8:00 they practice on a live network so that their skills are much validated by the time the course is over and that course teaches a person how to write the report for senior leadership so that senior leadership will understand exactly where the vulnerabilities are so that operations can manage the risk.

Q And then I believe there are two more exams in that category, QFE and QND?

A Right. So Qualified Forensics Expert is a very focused arena of forensics investigation. So when a student comes to that class, they are put to the paces of how to ensure -- it's like CSI.

We really teach them every skill set that they need to do forensics investigations including writing the report. Each night they spend a little bit of time learning how to take computers apart, how to do it correctly.

And at the end of that class there is a seventy-five question exam which you can also take, you can challenge, but the practical is three different investigations on three different mediums with full reports.

Q If I took those four exams --

A I apologize. I missed QND.

Q I'm sorry. I cut you off. Briefly tell us what QND is.

A Qualified Network Defender is actually about firewalls. The correlation of all events on the enterprise so that you can understand what your threat is and write signatures, which are patterns of misuse, into your policy and onto hardware to protect the architecture.

Q Thank you. If I took those four exams and if I'm a Security University student, I took those four exams, I took three practicals and I submitted an application with an endorsement or a voucher, I could obtain the QISP credential?

A Through Security University testing, yes, you would.

Q One last credential and I will try to be a little quicker on this is QSEP; what does that stand for?

A Qualified Software Security Expert. It's made up of nine different elements of software coding. It's actually for programmers so that they can learn how to write secure code.

The first class teaches them across-the-board, the 30,000 foot view and then the last classes underneath it are drill downs to teach them how to do penetration testing, best practices, how to fix web applications, how to fix software applications, etcetera.
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Q. Turning back to the general admission policy for Security University, have you ever rejected a proposed student?
A. Constantly, yes. If a student contacts us and they are not an IT professional, if they don't understand TCP/IP, we suggest they go to a community college and learn enough information to at least be able to come back in to take a Security+ class.
Q. Can you turn to Exhibit 8 in the black binder in front of you which is the Security University exhibits.
A. Yes.
Q. Do you recognize that document?
A. Yes, I do.
Q. What is that?
A. We recently had a soldier out of -- where was he out of -- could I have my glasses please.
Q. Of course.
A. Thank you. I'm trying to think if I can see well, it doesn't matter. So anyway, on August 12, 2014 I got a phone call from a soldier interested in cyber training after I received this e-mail. And so I contacted him back and we discussed his related experience and it was to -- he clearly did not have enough to attend the

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Security+ class so we had recommended that he do CyberSecurity education training or TCP/IP training at a community college.
Q. That's a recommendation you've given before to others?
A. Yes, frequently.
MS. MARKS: Mr. Smith, I'm not sure how you prefer to deal with this but I would like to ask that Exhibit 8 be moved into evidence.
THE HEARING OFFICER: We have already admitted all of the exhibits.
MS. MARKS: All of the exhibits are already in. Okay. Easy enough.
BY MS. MARKS:
Q. Has a Security University student ever told you that they were confused about the admission policy?
A. No.
Q. Am I correct that you are now logging students' TCP/IP knowledge when they register?
A. To answer the question, the mission statement says that they are an IT professional; however, we are now documenting that they do understand TCP/IP both on the registration web page with a checkmark saying they

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understand TCP/IP and in every single class we provide there is a registration -- there is a check box with a yes next to every student name and registration every single day.
Q. Would you turn to the next exhibit, Exhibit 9 in Security University's binder?
A. Yes.
Q. Is this what you were just testifying to?
A. Yes. We added that to further document for our accrediting agency that we do collect information about their understanding of TCP/IP.
Q. You are referring to under Personal Information, two up from the bottom where it says, "Understand TCP/IP? Yes or No"; correct?
A. Correct.
Q. When a student logs in that information, that's data that you keep?
A. Yes, forever.
Q. You understand that SCHEV has raised concerns about the timing of student payments; correct?
A. Yes.
Q. SCHEV is arguing that payment must always be provided prior to Security University's confirming the

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TCP/IP knowledge; is that accurate?
A. No. Is it rare for an individual student to pay by credit card or submit payment prior to Security University reviewing their TCP/IP knowledge?
A. It is rare.
Q. What are the other opportunities for payment besides a credit card up front?
A. Well, a student can pay by credit card but it's rare that they do it without a conversation with us because $3,000 is a lot put on your credit card if you don't have the approval or the funding to do that. That's number one.
Two, often times -- well, the DoL grant is allowing us to have students attend so their registration is totally without any dollars. It says -- there is a checkmark for WIA workforce money, GI Bill money or Federal grant money.
It also too, this generates an invoice. So when a student registers there is no commitment to attend the class until the class is paid for or funds are committed and most importantly the invoice that is generated goes directly to the student for them to have approval from their organization which is -- 99.9 percent
of our students are either WIA workforce funded and/or
corporate funded. I actually don’t even have a -- I
wouldn’t say 100 percent but right now it’s 100 percent.
Q Let’s turn to Violation Number 3 in the 2014
audit and I’m going to ask you to turn to Exhibit 10 in
the binder in front of you. It doesn’t look like you have
the updated version.
A Oh, I know it.
Q These are the certificates that Mr. Sager was
testifying to earlier; correct?
A Yes.
Q These state you have a set of courseware that
has been reviewed and determined to meet the national
training standard; correct?
A Correct.
Q Mr. Mells was asking Mr. Sager some questions
about these terms underneath -- toward the center of the
certificate that say System Administrator, CNSKI and Risk
Analysts, CNSSI; which one of these classes do these apply
to?
A The courses QIAP, QISP and QSSC courses,
although they relate to a programmer or an information
assurance person or a network person, they all have a

the risk of the organization. So we’ve been doing those
for, well, since 2003.
Q Besides that small subset of non-complicated
or non-specialized classes, the certificates in Exhibit 10
apply to the remainder of the classes?
A That is correct. Typically the security
awareness training classes is hours and not a week. It is
absolutely not meant to be anything other than security
awareness training.
Q Has any student ever complained that Security
University did not meet standards of training in the
field?
A Not that I am aware.
Q SCHIEF also takes issue that you are not
recognized by certain external certifying organizations as
an authorized training provider but you provide training
for those exams. You admit that you do provide training
for ISC squared; correct?
A For the CISSP prep class, yes, we do training
for that credential or that certification.
Q Your understanding is that Security University
does need to be an authorized partner of the certifying
board in order to deliver content to prepare students for

matrix baseline and the baseline is every single one of
those courses adheres to the 4011 standard which is
information security. I believe that is the lowest one,
Information Systems Security Professional.
Q And so on a degree going up as you get to the
certification accreditation class, for instance, that
meets the 4015 risk as well. So any time we discuss risk
in a class, any time analysis is done, that’s where it
meets the threshold of meeting or mapping to those
standards.
A And literally twenty-nine of thirty-one
classes meet these thresholds of information assurance,
Professional Information System Manager, System Certifier,
Risk Analyst and System Administrator.
Q The ones that aren’t certified, those are less
complicated and specialized?
A They are actually security awareness training
classes. They are open to the general individual.
Q What type of sort of general training would
they provide?
A Staff related, anybody who is going to touch
maybe a system. They need to understand what a password
is, how adhering to the password policy is important to

that exam?
A That is correct.
Q Is your understanding based in part on the
behavior of other institutions?
A That would be one but not -- the understanding
there is an ISO standard for certifying bodies of which
Security University testing has to adhere to as well if a
certifying body needs to be apart and separate from a
training arm and you can’t bridge the gap there, so
training is training, certifications are certifications.
Q Back to the initial part of my question when I
said are you aware of other institution that --
A Yes.
Q Let me finish my question.
A I’m sorry.
Q -- aware of other institutions without formal
affiliations to certification bodies that do prepare
students for the exams of the certification bodies?
A Most definitely. Yes.
Q SecureNinja, are you aware of them?
A Yes.
Q Are they an example?
A They are an example. In fact, there is a
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1. former instructor working there. They teach CISSP, Ethical Hacking, Pen Testing. I mean -- yes.
2. Q InfoSecInstitute?
3. A Yes. They are another location in the Dulles corridor.
4. Q Virginia Beach IT Security and Computer Training?
5. A Yes, and Virginia Beach has actually started doing classes here in the Northern Virginia area as well to compete in the CISSP security class marketplace.
6. Q There is a number of names that are similar, Norfolk IT Security and Computer Training, Chesapeake IT Security and Computer Training, Arlington IT Security and Computer Training, those are examples that you found?
8. Q Lastly on this point, you were sued by ISC squared in District Court in Connecticut; correct?
9. A Yes.
10. Q If you would turn to Exhibit 11; is this a true and accurate copy of the order dismissing the case?
11. A Yes.
12. Q We would submit this for consideration. It's a case where ISC squared sued Security University on a number of claims including trademark infringement.
13. The Court dismissed the case on summary judgment and noted that it is undisputed that Security University is allowed to use a CISSP certification mark in its advertising and it noted that ISC squared does not dispute that Security University has the right to identify that their services are directed towards preparing for the CISSP.
14. Violation Number 3, which we just discussed, is similar to SCHEV's Violation 4, Subsection 5, which claims that your programs are misleading because they are similar to programs provided by certification bodies themselves.
15. Has any student ever complained to you that he or she thought completing a Security University created course would result in a certification from an outside body, the course alone I should say would result in certification from an outside body?
16. A No.
17. Q How long have you been teaching with these class names?
18. A These courses have been in existence since 1999. In 2005, at the request of the Department of Defense, we moved them from the word Advanced Information Security, AIS, courses to Qualified courses at the specific request of the Department of Defense so that they could continue on doing what they were doing internally which was the NSA classes unknown to us.
19. And so in 2005 we just renamed the courses and trademarked them because we did not do the trademark prior to and if we had we would've had a defense but we didn't so we immediately trademarked them in 2005 and 6, as Qualified Information Security Professional, Qualified -- because they were Advanced Information Security Professional, Advanced Ethical Hacker, Advanced -- et cetera.
20. So now they are under "Qualified." So that's what we did. I mean, it took me -- it was a little bit but we, you know, that's all we do is qualify CyberSecurity for information security professionals.
21. Q Let's turn to SCHEV's Violation Number 5 which deals with student records. Security University maintains student records for how long?
22. A Forever.
23. Q Are they backed up?
24. A And backed up to the Cloud as well as local backups.

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28 (Pages 106 to 109)

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transcripts and due to the volume you haven't produced every single one today; correct?
A Yes.
Q If you turn to Exhibit 12, those are some examples that you have provided?
A Yes.
Q SCHEV Violation Number 7 relates to the name Security University itself and the use of terms such as graduate, credit, master certificate. Let's start with the name Security University; when did you apply with SCHEV for that name?
A 2005.
Q When did you receive approval?
A 2006, within 60 days of application, I think.
Q At that time SCHEV never raised any concern with your name; correct?
A Never.
Q In their opposition brief, SCHEV cites the 2006 letter from Connecticut, the State of Connecticut, where they claim that the letter noted an improper use of the name University; are you familiar with that letter?
A I was reminded about that letter, yes, with Mr. Melis' evidence.

area code. So we connected the (877) 357-7744 number to the, I think, the 46 number.
Q Have you also listed your home address in Connecticut?
A Yeah, it, you know, it -- that's how they tagged it and I said, "Well, we've been in McLean since 2000, so I apologize for any irregular or unknowing information."
Q To be clear, you are technically a Connecticut resident?
A I do. I am.
Q But you are in Virginia with Security University how many days a year?
A Over three hundred.
Q When you explained that to them, did they have any additional concerns?
A They never said anything back. They never -- I would say no.
Q And SCHEV never raised this letter or this communication with the State of Connecticut in the 2011 audit; correct?
A Correct.
Q And they didn't raise it in the 2014 audit;
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<td>license and so we do the same thing for information security professionals. It's the same type of architecture. When CompTIA issues a Security+ certification to an individual, they have a requirement that every year they do fifty CPEs, Continuing Professional Education, or CEUs. Continuing Educational Units and those are credits, considered credits by the certifying bodies. So we are absolutely able to provide documented evidence that the student attended the class, did their continuing education unit or continuing professional education credit to the certifying -- as a certificate to the certifying body. Yes. Q Then there is also the Memorandum Of Understanding with Capitol College; correct? A That is correct. Recently, a year ago, we had been under the grant -- underneath the Department of Labor grant as well as we had intended to help our students because a lot of them were taking highly effective classes and if we had an articulation agreement in place with a school they could take our courses as not degree granting credits but as continuing education credits that would be applicable in our articulation agreement towards electives, for instance, at Capitol College. Q This is one of the exhibits that Mr. Shannon was addressing at the beginning. I would like to mark it as Security University 24 in front of you; is this the memorandum of understanding that you were just describing? A It is. Q Have you reviewed the SCHEV regulations cited in the audit? A Yes. Q You are aware that the regulations contain a definition section? A Yes. Q The definition of credit which is in Virginia Administrative Code 40-31-10. It defines credit as the quantitative measurement assigned to a course generally stated in semester hours, quarter hours or clock hours or the recognition awarded upon successful completion of course work. This definition does not limit the use of a credit to a degree granting institution; correct? A That's correct, but it does exactly identify how we enroll veterans under clock hours, forty clock hours is exactly how we enroll veterans underneath the GI</td>
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<td>Bill in the VA I system. It's how we identify on the certificates, on the Security University class participant certificates, forty clock hours. So, yes, it certainly identifies our school as providing forty clock hours for participation. Q Are you aware of other institutions referring to credits where degrees are not conferred? A I am. Q I am going to pass you what I will mark as Security University Number 25. This is from the University of Virginia; correct? A Yes. It's the flagship school in the Commonwealth of Virginia. Q It says in the overview, the last sentence, it says that they provide an 18-credit graduate certificate for certification in CyberSecurity management; correct? A Yes. Q But is this the division of the University of Virginia which is degree conferring? A I had a long conversation with this school to collaborate with them to write an articulation agreement with them for specifically this. It is in their School of Professional Studies. It is not degree granting. It is continuing education and continuing professional education just like what we teach and allows us the opportunity going forward to create a relationship that our student who takes a performance-based, hands-on class, and other words, really gaining a skill like what Helen talked about or Ms. Reynolds talked about. Being able to have a really good valid set of experience to take into their program to gain maybe a master's or Ph.D., I don't know, but the idea would be that it would lend experience to the individual for a performance-based education. Q The Exhibit 25 in front of you that refers not only to credits in the non-degree conferring portions of the University of Virginia, it also refers to a graduate certificate; correct? A It appears to, yes. Q Could you turn to Exhibit 15 in the binder in front of you. A Yes. Q This is describing certain certificates that a student can take from the University of Richmond; correct? A Yes.</td>
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<td>Q That includes computer and network certificates; correct?</td>
<td>Q testimony about today. So the record is clear, this pertains to Violation Number 4, Subsection 3.</td>
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<tr>
<td>A Yes.</td>
<td>A SCHEV has stated that Security University does not have data to support a number for exams administered by CompTIA and ISC squared, correct?</td>
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<td>Q The middle of the page refers to master certification training; correct?</td>
<td>A They have.</td>
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<td>A That is correct, from Microsoft, yes.</td>
<td>Q I could have asked that better. I will ask it again. Let's start with CompTIA. If you could turn to our Exhibit 23, Security University's Exhibit 23; do you recognize this document?</td>
</tr>
<tr>
<td>Q Are you clear on whether this is the degree granting section of the University of Virginia or whether this is not degree conferring?</td>
<td>A I do.</td>
</tr>
<tr>
<td>A I am absolutely clear that this is the school of professional and continuing education for the University of Richmond and that the certificates that are listed here appear to be for professional studies and not degree granting.</td>
<td>Q This explains that you are a member of CompTIA's authorized partner program; correct?</td>
</tr>
<tr>
<td>Q For the record, I apologize if I miscommunicated when we were talking about Exhibit 25 that was the University of Virginia; correct?</td>
<td>A That is correct. Joe Padin would have been here today but he is in a very large corporate meeting in Chicago and he really would have liked to have been here.</td>
</tr>
<tr>
<td>A Yes.</td>
<td>He sent a letter in his place and that letter clearly shows our longstanding 2002 relationship with CompTIA and the Security+ exam as well as becoming an authorized provider of their required Pearson VUE authorization partner.</td>
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<td>Q And Exhibit 15 refers to the University of Richmond; correct?</td>
<td>A You have access to all the test results of Security University students issued by CompTIA; correct?</td>
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<tr>
<td>A Yes.</td>
<td>Q You have access to all the test results of Security University students issued by CompTIA; correct?</td>
</tr>
<tr>
<td>Q Thank you. Lastly, I would like to address the 98% pass rate issue which we've heard a little bit of</td>
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<td>A Yes, but let me be specific. We deliver the exam and before loading that exam to CompTIA we actually have all the student passing information and then when we execute the exam and when we finalize it, it would then batch load to the CompTIA engine which is located at Pearson VUE.</td>
<td>A Yes.</td>
</tr>
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<td>Q Can you turn to Exhibit 13 in Security University's binder.</td>
<td>Q Could you turn to the second page of Exhibit 13.</td>
</tr>
<tr>
<td>A I can.</td>
<td>A Yes.</td>
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<td>Q What does the first page of that show?</td>
<td>Q What does this reflect?</td>
</tr>
<tr>
<td>A It shows Security University testworksheet 2014. I know, sir, it's pretty small. Sorry about that. It has every student identified taking a Security+ exam and the column, one, two, three, four, five, it says test score. It identifies the pass rate of all of the students that have taken the exam in 2014 as far as May.</td>
<td>A This is from Security University's TesTrac corporation, much like the first one is from Pearson VUE for the Security+. This is from TesTrac and it is an accumulation of all students from October 18, 2013 through September -- that's not true -- through November 2014 of Security University students identified by exam that they took and their pass rate.</td>
</tr>
<tr>
<td>Q From January 22, 2014 to June 20, 2014 all of the Security University students passed the CompTIA Security+ exam; is that accurate?</td>
<td>Q This document shows all Security University students from November 2013, excuse me, October 2013 to November 2014 who took the exam?</td>
</tr>
<tr>
<td>A Yes.</td>
<td>A Took a Security University testing exam, yes.</td>
</tr>
<tr>
<td>Q This document reflects that?</td>
<td>Q Does it show on here whether they passed or not?</td>
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<tr>
<td>A Yes.</td>
<td>A It does. If you review the materials it's pretty obvious. There are a couple of false in here so a false is a student who would have the opportunity -- and we track this immediately upon their submitting their exam so if they were to fail they are provided an immediate</td>
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<td>1. opportunity to pick a new test date to return. So a couple of students have elected to do that, one has not.</td>
<td>1. Q It shows that Murray failed twice before passing it; correct?</td>
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<td>2. Q If you look at Davenport in the middle, it says FALSE.</td>
<td>3. A Yes. So if the student -- it's a student election to take an exam and it provides them amazing credentials on their resume and in this particular student's case she persevered. But if you notice she got better, she got a 92 which is very high on the percentage levels here so I do believe she got married in the middle of her testing.</td>
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<td>5. A Yes.</td>
<td>6. Q If you could turn to the next page of Exhibit 13.</td>
</tr>
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<td>8. A And he retested on 3/10 and passed.</td>
<td>13. Q Are these scores for Security University students for Security+ exams from January 2014 to January 2014, excuse me, from December 2013 to November 2014?</td>
</tr>
<tr>
<td>9. Q Any time it says TRUE in the pass column that is where Security University students passed the TestTrac exam?</td>
<td>16. A Yes.</td>
</tr>
<tr>
<td>10. A That is correct.</td>
<td>17. Q I think I said that wrong again.</td>
</tr>
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<td>16. A Well, that a student actually tested twice before she passed?</td>
<td>21. Q This represents all of the Security University students who took Security+ exams?</td>
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<td>18. Q I'm sorry, you are referring to the same document that we were just talking about for the TestTrac test?</td>
<td>22. A Yes.</td>
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<td>1. Q Does it show who passed and who did not?</td>
<td>1. A Yes. On the date of when we were requested to provide this information Security University -- when a student takes a Security University CISSP class we actually have to do like manual capture. That manual capture is based on a student telling us they intend to take a test.</td>
</tr>
<tr>
<td>2. A Yes. It clearly shows that -- if you look at like the fifth row over, there is an &quot;F&quot; in there. So the failure of one student, Duncan, failed but at 716 the threshold is 750. The student was provided an opportunity to retest and he did pass that exam.</td>
<td>3. We try and track that information as best we can and typically they are pretty good because they are very excited they passed their class -- well, they passed their exam based on taking the class so it's a lot of good feedback from them and that's how we track it.</td>
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<td>3. Q On the document that we are looking at in the middle of the page where it shows Duncan with a test score of 717 with a parenthesis (F) that is the only student on this document that did not pass the test; correct?</td>
<td>4. We actually go out of our way to ask students when we don't see that they've taken an exam to notify us back when they did take it because sometimes they push the date off, they feel like they're not ready.</td>
</tr>
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<td>5. A It would be 716, yes, he did not pass with a score of 716.</td>
<td>5. So at the date of this particular documentation that was requested, we have students that are pending. They've made -- they've purchased an exam for $600 and they were just pending to take it based on when we delivered this information.</td>
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<td>13. Q I believe the next two pages are actually duplicates so let's skip those and go to the last two pages in Exhibit 13. This is your data collected on exams issued by ISC squared; correct?</td>
<td>15. Q But generally you do get a high response from students about whether they passed or failed; correct?</td>
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<td>17. A Yes.</td>
<td>20. A We do.</td>
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<td>18. Q It looks like there is one fail on Page 2; correct?</td>
<td>21. A That is correct.</td>
</tr>
<tr>
<td>20. A That is correct.</td>
<td>22. Q There is seven pending?</td>
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Q  Is part of this if they fail they are
incentivized to report it because you offer another
course?
A  All classes at Security University are taken a
second time if they don't pass the exam. So if someone
took a Security+ exam and they wanted to retake the whole
class, they are always welcome to take another class.
This is, you know, a big -- the CISSP exam is
a six hour-long arduous exam for security professionals
and if they have failed the exam they are welcome to
retake it or even if they feel like they are not prepared
enough they are welcome to retake the class at no charge
at any time as long, you know, as long as they re-register
for the class.
Q  Do you base your 98 percent number on the date
collected?
A  Yes.
Q  Are there times over the years where you've
changed that 98 percent number?
A  Sure. I think three years ago it was at 92,
maybe four years ago. But because we do -- because we are
required by ACCET to collect this information annually it
can go up or down. If it doesn't shift it's because it
that we cover all the points raised in the Security
University brief and the SCHEV response brief.
With regard to alleged Violation 4.2 which
deals with some terminology used in the brochure that my
counterpart, Mr. Melis, had referenced in terms of the
Security University documents, it's Exhibit Number 1 and
in terms of the SCHEV Exhibit, I believe, is Number 8.
A  I got it. Yes.
Q  What is this document?
A  During the 2014 audit this was a brand new
program that -- well first off, this is our Security
University brochure from January 2014.
Q  I want to correct something for the record and
it's a mistake that I will fall on the sword for but I
think it goofed up Mr. Melis too. I noted in my brief
that this document which had been provided to us by SCHEV
was a 2011 document.
Then in going back to the 2011 audit I
realized this was from the 2014 audit which resulted in
the A.G.'s office thinking that this was a systemic
violation over time. But this was a document produced
around 2014. It didn't exist in 2011 and I referenced
2011 in my brief which was in error; does that make sense?

MR. SHANNON: I think so.
MR. MELIS: I believe so.
THE HEARING OFFICER: Let me just make sure,
where in your brief does it state that?
MR. SHANNON: Where is my goof-up? This is
Violation 4.2, begins at the bottom of Page 4 and then
ends at the top of Page 5 and you will see that my last
sentence in that paragraph on Page 5 refers to the
brochure in 2011 which, I believe, induced a response in
the SCHEV response on Page 8 at the bottom.
THE HEARING OFFICER: Okay. I got it.
MR. MELIS: Again, I apologize for wasting
everyone's time with that.
BY MR. SHANNON:
Q  Let's talk about this document, what is it?
A  It's the only advertising Security University
does besides what we produce on the website. Literally,
it's the only document that advertises what type of
classes we have. This brochure, this small Word document
has been in existence since 2001.
Q  The way that it is set up is, actually it's
folded, is it not?
A  It's a trifold. Yeah, so we make it big so
people won’t throw it out.

Q It’s a trifold brochure. But for our purpose, on Page 2 which would be somewhere in the trifold there is an icon in the middle that has a, it looks like an iPad with language next to it saying, "no classroom needed."

6 What was the intent of putting in that icon with that language?

A We were marketing to students that they could use an iPad to take their -- to use in class as an educational resource, to be able to take the exam quizzes which is an engine that we own that enables them -- the whole idea would be, you know, come to class, use this.

The iPad was brand new and so people were still getting used to it, using it for, you know, resources and so we wanted -- and, you know, if you were sitting waiting for your car to get done you could be online and do quizzes. It was important because we have such a limited time with students.

Q Throughout this document I’ve identified at least six occasions where the document refers to hands-on, hands-on hacking security skills, hands-on Pen testing skills, hands-on lab, hands-on qualified wireless hacking class, hands-on wireless testing, hands-on classroom labs.

Q Which is sort of a continuation of the credentialing that Security University engages in, you require practicals in addition to an exam -- exams being passed; correct?

A Yes. So the class that’s taught by an instructor is very intense, very complex. As you’ve heard from previous witnesses, the course content cannot be delivered over distance learning and it just, they wouldn’t get, they wouldn’t be able to achieve our course objectives through distance learning. So it would be absolutely impossible.

Q All right. Let me move on to alleged Violation 4.5. In the SCHEV brief this is, I believe, on page 10. My colleague, Ms. Marks, talked about this. I believe that the position of SCHEV, if I understand it correctly, is that you have credentials that use the term Q, which is for Qualified, backslash, and then a different acronym?

A Yes.

Q There are other organizations that have credentials that SCHEV would say are similar enough that creates confusion. I believe that is their position. You’ve had these Qualified, slash, insert

I say that by way of background. Was it your intent to tell prospective students that they could engage in learning without going into the classroom?

A Absolutely not.

Q What was the purpose of putting hands-on throughout the document?

A Well, everything we do is instructor-led. We are only approved to do instructor-led by our accrediting body and to date I have only asked SCHEV for instructor-led courses.

Q Has the icon since been removed with that language?

A I fired the marketing guy too.

Q It’s just a yes or no answer.

A Yes.

Q Has a student or a prospective student ever expressed confusion to you or to anyone you hire that they thought they would be able to engage in remote learning without classroom instruction?

A Never.

Q It’s true, is it not, that your brand, if you will, is hands-on practical training?

A Correct.

acronym, credentials trademarked since 2005?

A Yes.

Q They are protected for you as opposed to protected for an outside entity?

A Yes.

Q If an outside entity were to have some sort of credential that infringed upon your product, you have trademark protection?

A Yes.

Q Has a student ever expressed confusion to you or anybody in your organization that your credential, to their mind, was related to an outside organization’s credential?

A No.

Q Since 2005, nobody has ever said that to you?

A If anybody had asked whether or not we did Certified Ethical Hacker training, the answer is no. We clearly say that we do Qualified Ethical Hacker training which leads to a Qualified Ethical Hacker certification and that certification training would lead to another credential, like SANS has an Ethical Hacker credential as well. So whatever they learn how to do for security testing underneath that class, the training class could
A: It is my understanding that the only alleged violation which I do believe through communications with Josephine Wright, we provided --

Q: It's just a yes or no answer. I know it's hard.

A: Sorry.

Q: But is that correct?

A: Yes.

Q: You'll get lots of time to talk and I'm sure Mr. Melis will give you even more time. It's correct, it is not, that on September 27th of 2011, SCHEV conducted an audit of Security University?

A: That is correct.

Q: There was not an audit in 2012?

A: Correct.

Q: SCHEV refers to Exhibit 13 and Exhibit 16 in the SCHEV documents and 13 is a letter dated December 22, 2011 by SCHEV and 16 is a letter dated April 5, 2012 by SCHEV.

A: Yes.

Q: Both of which are authored by Ms. Josephine Wright; is that correct?

A: Yes.

Q: They both relate back to the same audit, not different audits; right?

A: That's correct.

Q: In the audit of 2011, there were two matters that you were asked to address and I'm referring to Security University Exhibit 13.

A: Yes.

Q: One of which dealt with the tuition refund policy and the second dealt with SCHEV requiring you to take one document that you had and to break it apart into three separate documents, one for employees, one for students and contractors and then there was the course catalog that resulted but I want to talk about the tuition refund policy. Was Ms. Wright helpful to you in 2012?

A: Yes. Extremely helpful. She volunteered based on my request to help us take apart that book so that it would be a faculty staff book and a student book.

Q: With regard to the tuition refund policy, what was her role in helping you to put forward in these documents a policy that was compliant with SCHEV regulations?

A: Well, when we were audited one of the findings...
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<td>1. that was not done at the moment of -- at the end of -- on the out brief of the audit was our refund policy because I was asking her to provide you, you know, and a refund policy that met SCHEV's rules and guidelines. And so they with the understanding that they would provide me back the word or the verbiage to include in my -- to update my website and to include in the book. Q In 2011 you were told the policy you have is not compliant. In 2012 there is a follow-up letter from SCHEV by Ms. Wright and then Ms. Wright was helpful in helping you to create language that was compliant? A Yes. Q When SCHEV did the audit in 2014, two of the documents that were created at the request of SCHEV had the old language, that the language that preceded the language that Ms. Wright helped you with in 2012; is that correct? A Yes, sir. Q What happened? A It fell through the crack. We had hired a compliance officer. Her name was Nheve Hart, N-H-E-V-E. Nheve was the compliance officer for the largest U.S. bank.</td>
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<td>1. here in the United States. She works remotely in Ireland and we were in the middle of ensuring -- we were working with the VA on that very specific time frame as well and unfortunately it -- the words are so closely related that we didn't recognize that it was not correct but it was correct on the website. It certainly was correct in the student handbook but in the staff handbook we overlooked it until the 2014 audit when they told us it was wrong. Q Dr. DeFilippo, at the Informal Fact Finding conference said something that I think was important. To summarize, what is the actual practice with regard to refunds, not what is in these documents but what is your historical practice with regard to giving refunds? A In the history of Security University, we have been requested to refund three times but we have refunded eight times, actually nine now, due to class cancellation. So when we cancel a class we refund a student and it's noted. We've been requested three times and then recently we had a class -- and those were due to someone participating in a class who wanted a refund. We have refunded that student. If the class had rescheduled and</td>
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<td>1. didn't run, we refunded the student 100 percent, absolutely no charges to the student at all. We take the hit on the credit card six percent charge. And then recently we just had Rob Pechek (ph), I think, anyway he bought a class up front and he decided to use the money elsewhere. He requested a refund, it's 100 percent. So it's always been 100 percent. There isn't enough time in life to have an argument about a refund. Q Why would you lift the minimum threshold in your documents for what you are required to do but then have a refund policy more generous where you give 100 percent refund back? A Because I was stipulated to have that by SCHEV that I was not allowed to write that we give 100 percent refunds way back at the audit. Q Who would have told you that? A The compliance people. Q But your current web page says you give refunds. A Correct. But we have further explanation to the voucher. Q Let me go into those nine instances. Do you have a paper trail that can verify who received the refunds? A Absolutely. Q You would have documentation that there was one in 2005, one in 2006, one in 2007, one in 2008, one in 2009, two in 2010, one in 2011 and then the individual who you just named within the past week or two; you actually have the transaction information showing that they received the refunds and who they are? A Yes. I have their enrollment information. I have their credit card transaction information for the original transaction, if I had it, and I have the receipt of refund as well. Q At the Informal Fact Finding hearing, you had said that there were eight in total, now it's nine because somebody recently requested one; correct? A Correct. Q According to the SCHEV brief the -- and we don't have a recording of the 2014 audit and I'm not holding anybody to that -- but I believe the position of SCHEV was that you had indicated that nobody had sought a refund prior to the audit; do you remember any sort of questioning about that?</td>
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36 (Pages 138 to 141)
A We always said that we had eight refunds previous. We are very proud of that history but the question wasn’t asked that way. She asked, do we have any -- can I show her any refunds and I said we don’t have any in the last year.

Q Let me try to explain a discrepancy, there were no refunds between the time of the 2011 audit until the 2014 audit; is that correct?

A That’s correct.

Q You can provide proof of those nine refunds to SCHEV upon request?

A Yes.

Q I want to ask you about something that Mr. Melis, on behalf of SCHEV, brought up in their brief and this has to do with the December 1st 2013 voucher, I believe that’s what --

MR. MELIS: Where are you referring to in the brief?

MR. SHANNON: Bear with me.

MR. MELIS: There’s a -- we made reference to a December 1st 2014 website.

MR. SHANNON: Yes. December 1st 2014 website and forgive me, is that in -- do you have a copy of that?

it’s twenty-three classes, one year or like the Marines had wanted to have twenty-three classes for twenty-four months we had no problem extending that based on soldiers being able to come to class.

So we wrote the voucher policy for cancellation based on turning the amount of classes to the value of the money spent. So if they spent $11,000 and they attended five classes, if each class had a value of $3,000 that’s $15,000 and if they only spent $11,000 we felt that if that individual had only gone to classes for five classes that we could look and see -- we would turn it into the dollar value, face value of the class since they weren’t participating for the whole year or if they had requested a refund and that’s the “if.”

If they took five classes and it was $15,000 and they spent $11,000 most people would not request a refund but if -- if by some chance a student claimed that they didn’t get the value and made a request for further classes we would provide it.

Or wanted to say, “I didn’t get my bang for my buck,” we came up with a methodology that would allow that student to receive dollars based on if they attended less than five classes they would get X amount of dollars.

MR. MELIS: Yeah, it should be -- hold on --

MR. SHANNON: I think we can find it together.

MR. MELIS: It should be Exhibit 12.

MR. SHANNON: Okay. Okay.

BY MR. SHANNON:

Q I’m going to turn your attention to SCHEV Exhibit Number 12. Obviously this was brought up after the audit but I want to address it for the Hearing.

Page 2 there is an area that I am assuming that SCHEV has marked that says it’s not in compliance and this deals with the refund policy associated with the voucher.

What is the refund policy that you have with regard to the voucher?

A As discussed at the SCHEV IFF hearing, Florence Tate, a consultant for accreditation at Security University developed, along with our accountant, a methodology for refunding an $1,000 purchase by a customer for twelve months of -- technically, at that time unlimited classes which moved to a specific twenty-three classes, twenty-four months or twenty-three classes, twelve months -- it all depends on the agency.

So if an agency will only pay for one year,
nuclear plant have been the two entities that have
utilized this offer; is that correct?
A That is correct.
Q If a refund was going to be given, it would be
given to those corporate entities, not to an individual?
A That is correct.
Q Is it fair to say that when you set up this
policy that SCHEV is saying in brief is not compliant, the
intended audience is corporate America, not an individual
consumer?
A Correct. In fact, --
Q Is that correct?
A Yes.
Q If you had something else to say, you can say
it.
A I was just going to say that we don't have
students that are paying their way through school and we
haven't ever.
Q You have no walk-ins who come in and pay?
A No.
Q I want to correct something, when you talked
about meeting students at a job fair, these are job fairs
for people who have security clearances; correct?
A The only.
Q That goes into what is purported to be
Violation Number 6. According to the SCHEV brief, the
institution advertises programs that don't meet the
standards for quality, content and length. I believe the
position of SCHEV is that you cannot offer a package for
unlimited classes, and you've changed that; correct?
A We did. We were unaware that an advertising
boo-boo would be "unlimited" and as soon as -- actually
ACCET while SCHEV was there said to me -- I said, "So, how
do we -- what do we do to discount because we discount.
Everybody discounts." Her answer was, "You have to be
specific."
So we said okay well, there is -- we believe
that a person couldn't take more than twenty-three of our
courses specifically because six of them are not available
to the normal public, two of them are security awareness
so the remaining are available and that equals twenty-
three. And so those twenty-three courses were instituted
and it's whatever they want to take.
A All they have to do is register. We confirm
back the registration, their enrollment, and that is it.
And this was specifically designed because the federal
government has times where it's hard to get money and so
if they were to establish the one-time fee they could
allow the student, when they became eligible, to take
training to go without a huge burden of red tape.
Q Is it fair to say that you were trying to
respond to a need of your either government customers or
corporate customers that SCHEV believes may not be in
strict compliance because twenty-three classes may be
permissible but you can't say unlimited?
A Correct. And so we immediately corrected
that.
Q Let me ask you quickly with regard to
something that was raised in SCHEV's brief, the ACCET
hearing that you have on Friday that deals with your
accreditation --
A Yes.
Q -- your understanding is that thirty days
from Friday there will be a final result with regard to
the accreditation?
A That is correct.
Q Are you aware that under Virginia law with
these proceedings the Hearing Officer has ninety days to
figure out what he or she wants to do with regard to
Q There are five students whose names appear on the first page of the letter from Ms. Walker; do you see that?
A Yes.
Q These are students who, as I understand it, attended Security University for some period of time who were able to fund their education through the Virginia -- the Veterans Assistance Retraining Program, otherwise known as VRAP; is that correct?
A Yes.
Q Are you aware, you may not be, that Virginia does not administer the VRAP program as of March 31, 2014; did you know that?
A Yes.
Q The program is gone; right?
A Yes.
Q About seven months before this letter was issued and it's titled Notice of Withdrawal of Approval. Now, unlike this hearing, unlike the ACCET hearing, one of the things that stood out to me was on Page 3 at the bottom of the page there is a statement that says this decision is final and there is not an appeal process; is that correct?
A Correct.
Q Is that correct?
A Yes.
Q Mr. McCollan made a distinction that non-degree conferring institutions could not receive payment of up to $1,563 per month or payment of the full value of the class which is what non-degree conferring institutions can get but instead you were to be paid on the basis of how many days they took the class; is that correct?
A Correct.
Q Let me say it another way. If a class from a degree conferring institution has a value that's stated at $3,000, a veteran can use up to a little less than two months of the VRAP money to pay for that class.
A That's an accurate statement.
Q But his position, which is not an appealable position according to this, is that if you calculated the full value of the class and try to obtain money through VRAP for it you would be out of compliance. You would get --
A Are you saying me, being Security University?
Q Security University.
A Students get paid.
Security University v. State Council of Higher Edu. for VA

Page 154

1 Q Excuse me, students. A student can get five
days out of a monthly maximum value at $1,563?
2 A Absolutely.
3 Q So you, Security University, did not know that
he was going to create a distinction between non-degree
conferring institutions and all other institutions with
regard to payment; is that correct?
4 A Yes.
5 Q Four out of the five names here where they are
saying there is an overpayment, correct me if I'm wrong,
is on the basis of that non-appealable interpretation by
Mr. McClellan?
6 A That's correct.
7 Q Afterwards, were you told to fix it by
8 Mr. McClellan?
9 A Before.
10 Q And what did you do?
11 A So as required, I was told to amend in the
suspension letter before withdrawal and I'm going to
comment, this is --
12 Q I'm asking you a direct question, not asking
you for a commentary.
13 A I was told to amend the students and we
14

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1 amended them on 7/16 prior to our withdrawal.
2 Q I want to ask you about the one person who is
the outlier, it's this person, David Sipp, who wrote a
letter to Mr. McClellan, it looks like it might be an
e-mail that's on Page 3. Now, let me see if I understand
this. His issue was compounded. One, it dealt with the
calculation as to whether under VRAP he would get paid for
the full value of a class --
3 A Correct.
4 Q -- or five days out of a monthly maximum
value of $1,563; right?
5 A That's correct.
6 Q That's the one common denominator with five
and only five students in a program that no longer exists?
7 A Correct.
8 Q But he did something else that was a little
different; right?
9 A Yes.
10 Q Correct me if I'm wrong, he told you he was
going to be enrolled for a longer period of time than he
actually was.
11 A Yes.
12 Q And he continued to receive money through the

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1 VRAP program?
2 A By his clicking on the WAVE program, yes.
3 Q Did Security University ever get that money?
4 A We never received a penny.
5 Q Mr. Sipp was the one who received that money?
6 A Yes.
7 Q You never had the opportunity in a forum like
this or any other forum to examine Mr. Sipp on why he
stopped taking classes at Security University but
continued to seek VRAP funds for personal gain as opposed
to share it with Security University, you never had that
opportunity; right?
8 A That's correct.
9 Q In the 2014 audit of SCHEV, this issue with
regard to VRAP funding was never addressed in substance,
was it?
10 A It was never addressed.
11

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1 MR. MELIS: Give or take.
2 (Break.)
3 THE HEARING OFFICER: We are back on the
4 record and ready for cross-examination.
5 CROSS EXAMINATION
6 BY MR. MELIS:
7 Q Good afternoon, Ms. Schneider. For the
8 record, I am Mike Melis. We've spoken on the phone
9 before, met today for purposes of this hearing and I
represent SCHEV. I don't have that many questions but I
do have a few items that I want to follow up on to make
sure I understand your testimony and I apologize if I hop
around a little bit but I have my notes scattered here as
you testified from earlier today.
10 Let's start with your testimony regarding the
11 Connecticut Department of Education and the letters that
are attached as Exhibit 19 in SCHEV's exhibit binder. I
believe you testified that you got this first letter in
12 April 2006 from the Department of Higher Ed. at
13 Connecticut and the letter indicates that you have not
14 been issued approval to operate a university in
15 Connecticut offering courses for which you are currently
advertising and ask you to cease and desist advertising

40 (Pages 154 to 157)

Rudiger, Green & Kerns Reporting Service
4116 Leonard Drive, Fairfax, VA 22030
703-591-3136
7b3de7b-c2a2-4321-a574-244cf85a7193
and offering such courses in Connecticut immediately.

I think I understand from your testimony that you said you called in response to this letter and explained that you were using a Connecticut phone number and you are not actually operating in Connecticut and it was straightened out; is that correct?

A That is correct.

Q But they sent another letter again in May of 2009; is that right?

A According to you, yes. I don't know if I actually received it. It might have been received by someone else but according to your documents, okay.

Q Well, would you agree, if you flip one more page, would you agree that you did, in fact, receive it because on May 21, 2009 there is a letter addressed to you saying: "Dear Ms. Schneider, I write in response to your telephone call?"

A Right.

Q You agree that you did receive the May 18th 2009 letter?

A Right.

Q Is the telephone call that you are referring to and testified to earlier the same one that's being referenced in the May 21st 2009 letter?

A Correct. For whatever reason they didn't document it the first time so I called back and had the same question. Well, actually I don't know if I even got through the first time. I apologize.

But the end statement is that when I did get hold of the correct person to speak to I told them that we did not operate in Connecticut. We were not and had never operated, never produced a class or did any type of course in Connecticut.

Q If I understand your testimony, you are saying though there were at least two conversations, one in response to the April 2006 letter, another in response to that May 18th 2009 letter.

A I apologize if there was a misunderstanding.

I got through on the second try when they wrote back. So that's the, I think the only time I actually -- I looked for information before validating that we weren't doing anything there. It obviously wasn't enough and she called me back and said I still have a phone number being advertised.

Q That conversation that you talked about was not in response to the April 2006 letter?

A I can't recall which date. I did contact them based on a letter they sent me.

Q Right. What I'm trying to figure out is why during this three year period when you first got the April 2006 letter asking you to cease and desist another three years goes by and it appears that Connecticut needed to send another letter asking you to cease and desist on the same basis?

A They said the same reason, there was a -- my personal phone number is (203). It still is today.

Q The address they were using was also a Stamford, Connecticut address for Chief Executive Officer of Security University?

A Because that's what I'm listed under D&B. It's my address, D&B, my home address is on there. I don't know why but it is.

Q In Security University documentation, at least in its catalogs under SCHEV's Exhibit 11, you've got your home address and your direct dial is the Connecticut phone number, is that correct?

A I'm not sure what you're looking at.

Q I'm looking at Exhibit Number 11.

A Right, but it has the Security University address on here.

Q Is it your testimony that you've never had certification to offer classes in Connecticut?

A We never applied and we never went that direction. We were never doing it in Connecticut.

Q If I understand correctly, you started operating Security University in 1999?

A Yes, sir.

Q You were certified in Virginia in 2008?

A Five.

Q 2005, okay. Between 1999 and 2005 where were you certified to operate?

A We weren't certified, just like the other companies operating here are not certified.

Q Well, I'm asking if you were certified anywhere else?

A No, we weren't. I apologize.

Q Let me ask you about the Capitol College MOU.

I'm curious as to why the president's name is reredacted from the MOU, do you know why?

MS. MARKS: I'm sorry. I'll step into the record if you want. I redacted that this morning just for personal information requested but I did that this
MR. MELIS: The name of the president at Capitol College, there is no secret to that.

MS. MARKS: I didn't think there would be an objection to it. I'm happy to provide a clean copy if you want.

MR. MELIS: To be honest with you, you can see through the reduction.

MS. MARKS: It wasn't a high tech reduction.

It was a request, I think for --

THE WITNESS: It was actually at their request.

MR. MELIS: To not have --

THE WITNESS: They don't want it to be anything to be a public document and it is still their request like that.

MS. MARKS: I think it's labeled confidential so I'm happy to write a clean copy if you want.

MR. MELIS: No. It was just surprising to me.

That's all. I was just curious.

BY MR. MELIS:

Q: Looking at Exhibit 1, the Security University brochure. This is Security University Exhibit 1. I'm going to ask you very quickly about the "no classroom needed" phrase that is included on there and I understand you've provided an explanation for what you understood "no classroom needed" to be or what you intended it to be.

As far as I could tell and point it out to me if I am wrong, there is nowhere in here that identifies "no classroom needed" meaning will provide IPads or some other technology with information that you could use while getting your oil changed or your tires changed or whatever it might be and working on classroom materials; is there anything on there like that?

A: There absolutely is.

Q: Show me where that is.

A: Sure. It's called eStudy, it's on the right hand side on the right. "With iPad eStudy," right there (indicating).

Q: Show me how that is linked to the "no classroom needed" statement.

A: I can only tell you.

Q: Can you show me on the document where there is a link between "no classroom needed" and so that "no classroom needed" refers to iPad eStudy?

A: Just eStudy CISSP with iPad. That's it.
Q Do you know whether it's in any of the materials, any of the exhibits that Security University has provided, an explanation for what the coupon is, some sort of description of the coupon?

A Sure. It would be in the new course materials, the new catalog and in the new -- on the website highly explained.

Q Is that in your Security University exhibits?

A Actually, it might be in one of yours. Do we have the IFF hearing documentation in here?

Q I know there is a transcript from the IFF hearing.

A It would be in the transcript.

Q To be clear, I was asking for a Security University description or document that describes the coupon program or discount or whatever way you want to refer to it.

A Not the coupon specifically. It's advertising after the State took --

Q Is there anything that Security University, any document that Security University uses to describe its coupon program in which Security University states that the coupon is only for corporate America?

A Correct. It was not discussed.

Q SCHEV's reference in the brief to the Connecticut letter was the first time you've heard about it since 2009; correct?

A Correct.

Q I think there was a little bit of confusion between the brochure and the voucher. The brochure that we were looking at is an earlier iteration of the voucher; correct?

A It's an earlier iteration of the brochure but it includes the unlimited statement of $11,000 for the student and not including specifics like the twenty-three classes and the twenty-four months which basically moved into the voucher for specific characterization because we needed to better explain that according to our accreditor.

Q When did you start using the term voucher?

A The day after the SCHEV visit.

Q When?

A I don't remember the date.

Q In 2014?

A Yes.

Q The document that you produced to them, which
references to hands-on training also encourages students
to understand that this is an in-class --
A Instructor led --
Q -- instructor led, hands-on --
Q -- class, because in-class they could, you
know, use an iPad and just be in class to do it but this
was instructor led, in-class and having the ability to
have the eStudy resources allow them to quickly -- like in
acronyms -- a new student wouldn't always know what a PKI
is. We wanted to have that availability for them right
away, right in front of them.
Q No student has never expressed confusion over
distance learning for you?
A No student has ever, ever had any confusion
with regard to distance learning.
Q Those are my only questions.
THE HEARING OFFICER: Just a couple of quick
things. This is about the letter from Connecticut. The
May 18, 2009 letter which is Exhibit 19 in SCHEV's
documents, the last page says, "It is imperative that you
respond immediately to this letter," did you respond?
THE WITNESS: I can't hear you.
THE HEARING OFFICER: It asked you to respond
to the letter, this is the 2009 letter.
THE WITNESS: Yes. I immediately responded.
I called because they had a better phone number. I called
and spoke with an individual there, Jane, I believe her
name was who has since moved up the ranks, and explained,
well, actually questioned what do I need to do to fix this
because this is just a misunderstanding -- as far as I'm
concerned it's just a misunderstanding and she said I just
need to have, you know, remove my phone number, my area
code phone number because it misled -- possibly would have
misled someone to believe the school was out of
Connecticut.
THE HEARING OFFICER: Any further
communications since --
THE WITNESS: No, sir. Not a single document
in six years.
THE HEARING OFFICER: In Exhibit 1, Security
University Exhibit 1, I see that on the first page on the
bottom right hand corner there is a reference to eStudy,
CISSP class with iPad, it's in the highlighted portion and
then on the second page the same thing; but I believe in
your response to Mr. Melis you pointed to -- I see a 5-day
with Ken Cutler instructor led VIDEO iPad eStudy?

THE WITNESS: Yes. Absolutely. This is a
very hard exam, very, very, hard. It's taking a security
professional who is very dedicated but maybe not
knowledgeable in all the ten domains so after class we
provide for them, if they request pre-class, a video of
Ken's section that they are most weak on.
And so literally on there cannot be moved from
that iPad if they purchase the iPad and whatever section
of video that they wanted to keep to retain for future
use.
THE HEARING OFFICER: Your testimony is that
this ties back to the "no classroom needed" --
THE HEARING OFFICER: Does anyone have any
questions based on what I just asked the witness.
(No response.)
THE HEARING OFFICER: Okay. Thank you.
(Witness excused.)
Mr. Melis, would like to take a break?
MR. MELIS: Are we ready to go?
MR. SHANON: (Nodding head.)
MR. MELIS: I think we are ready to go.
A. Yes, I was.
Q. You have how many years of experience with SCHEV auditing post-secondary institutions?
A. I still actually conducted at least one audit this year so all told since I have been at SCHEV I have conducted audits.
Q. I'm sure it's a lot but can you give me an estimate of how many audits you've conducted?
A. Probably well over 200.
Q. Can you explain for the Hearing Officer what the purpose of an audit of a post-secondary institution is.
A. The Virginia Administrative Code gives us -- well, we are responsible for the oversight of schools and one of the responsibilities that we have according to code is to have -- to determine that the school is complying with Virginia regulation.

One of our responsibilities, we have to ensure student protection so that's one of the responsibilities that we have. So in compliance audits when we go visit schools our purpose is to determine that the school is operating in accordance with the Virginia Administrative Code and the Code of Virginia and to ensure that those items that are issues, either with the U.S. Department of Education or their creditor or if they receive a lot of complaints or if there are any other issues that we find might be a problem.
Q. With regard to Security University and the 2014 audit that is at issue today, was that audit initiated because of a regular three-year type of rotation or was it initiated because of a complaint? I guess a better question is, why was that audit initiated in 2014?
A. It was initiated because we had already received notification from the Veterans Approving Agency that their approval had been withdrawn from offering veterans education.

We had also received information from their accrediting agency that they were under show cause and because of those two items we felt that we should go and conduct an audit.
Q. Why would those types of issues give rise to an audit by SCHEV?
A. Those types of issues give us a heads up because if they are in noncompliance with another agency we want to verify that they are in compliance with the items that we are requiring. So it gives us kind of an
Q When you conduct an audit, when SCHDEV conducts an audit, could you describe generally speaking what the process is, how do you go about getting to the school and getting the documents you need and what do you do?
A The first thing that we do is we contact the institution or the school to determine the day that we will come and visit and we usually give them a specific amount of time to prepare for the audit.
At the same time, we would give them a list of all the items that we will need to have on hand so that we can conduct the audit and then once the date comes we just -- so that's the preliminary.
A lot of times what we do is if we feel that it's going to be -- that there is going to be a lot of documents for us to look at we request certain items in advance so that we can start looking through those items like the catalog, for example, is a good thing that we might ask for in advance. And then we actually go into the school and we conduct the audit.
Q When you are at the school are you requesting additional documentation or do you request to speak with anyone?

regulation.

They sign off on it. They say yes. They sign it and they have it notarized and that's part of the record. So actually when we go in, we go in to verify that those things are -- that they have attested to already, are actually in place.
One of the things that they must do is they must have an admissions policy, it's stated, it's the same for everybody and we go into the school to verify that their admissions policy is being followed, therefore, we ask for the student record to determine that.
Q That's an issue we will get to in a moment but when you ask for student records and I'm assuming you ask for that ahead of time; is that correct?
A No, sir. We ask for a list of students prior to the time that we get there, all enrolled students, all students that have withdrawn within the last year and all students that have graduated. And from those lists we randomly select records so that then we can review them.
So we do not tell them in advance which records we will be looking at.
Q Is it at the site that you tell them we want to see the records for John Smith and Jane Doe and Steve

A It depends. Again, each audit is different and depending on our initial find as we are reviewing documents sometimes we may ask to speak to certain people on staff. A lot of times we, most times actually, we ask to speak to students or conduct a survey of the students.
So each audit might be slightly different but there are certain things that apply to all audits.
Q Is it typical for you to ask for student files, to review student files?
A That is a requirement of an audit.
Q Why is that?
A Because part of the regulation has certain items that a student file -- that when these -- well, I guess to be more specific -- one of the reasons that we ask for student files is because one of the regulations require that a school has an admissions policy stated, written and that they comply with.
I think one of the things that I must tell you in advance is the method that we use in Virginia, once a school wants to become certified they sign an attestation statement saying that all the items -- we actually list the items from the regulation and we ask them if they are in compliance, if they are meeting that particular

Reynolds or whatever other names might exist out there?
A Yes.
Q The school being audited does not know which student records it needs to have available at the time, which specific student records it needs to have available at the time? It only knows it would need to have student records available?
A Yes. That is correct.
Q Why do you do it that way?
A We do it that way because that ensures that the school is following the policies and the requirements for all students at all times. We feel that if we give them the list of students that we will be reviewing the records, those records could be tampered with prior to the time that we go there so to ensure that the students -- following the requirements for all students at all times I just randomly select students.
Q This process that you described of notifying the school of the audit, letting the school know that there is certain documentation you would like to have ahead of time, making sure the school knows that student records need to be made available, this process of visiting the site and reviewing documents there at the
Do you typically do audits in pairs?
A A lot of times, yes, we do.
Q If I could direct your attention to Item
Number 1, one of the violations that you found based on
your audit was the refund policy in violation of the
Virginia regulation; is that correct?
A Yes.
Q Can you explain with the violation is there?
A Yes. In the Virginia Administrative Code
under 40-31-160(N)(1-13), it's kind of a long regulation,
but it specifically has a refund policy that must be
communicated to students and it has a lot of specific
parts to it and it depends on the school.
For Security University, the portion that is
-- some portions of the refund policy, they are very
specific to schools that have, for example, semesters. So
that is kind of a little bit different.
But the one that is applicable to Security
University was listed on the report and basically it has
to -- it is very specific what the refund policy is and it
states that for a school that financially obligates the
student for the entire amount of the tuition a student
that is in the program for the first 25 percent gets 75
percent back, then at 50 percent they get 50 percent back
and if they attend 75 percent of the class they are
entitled to receive 25 percent refund.
I will say that if a school is accredited and
the accrediting agency has a refund policy that is very
specific we allow the school to use that specific refund
policy. But what I mean by specific, it cannot say fair
and equitable. Any refund policy in an accrediting agency
that says a fair and equitable they will have to follow
our refund policy.
Q What violation did you find of the regulation
involving refund policies at Security University during
your January 2014 audit?
A Well, we reviewed -- again, we ask the school
to have certain documents for us prior to the time that we
-- for when we arrive. And sometimes they send them to us
in advance; however, when we were auditing the school we
reviewed three documents that were given to us; one was
called a student handbook, one was the catalog and one was
the staff handbook.
What we found was that in the student handbook
the school actually had the correct refund policy. It was
exactly as it appears in our regulation. So it actually
did state the actual refund policy. However, the other
two documents did not have the correct refund policy and
it had a refund that is noncompliant because it penalizes
the student far greater than the regulation allows.
Q Can you point the Hearing Officer to the two
documents that did not have the compliant refund policy.
A Yes. In our exhibit -- okay, so Exhibit
Number 10 and this document that says Staff Handbook is
unnamed but the incorrect refund policy -- okay, if you
count from the back there is one page, two page, three
page, four page, five page, six pages from the back, okay
and if you look on the left hand side it has the tuition
refund policy begins there and it states that a company or
an individual may cancel Security University class by
giving twenty days written notice, at least twenty days
prior, to the business.
We do not have that in our regulation. We
don't allow that. It says that if they cancel ten
business days prior to starting the class they will be
assessed 25 percent. That is not allowed by Virginia
regulation. And it goes on from there so it's
noncompliant.
Q What other document is the noncompliant...
regarding the refund policy; is that correct?

A Yes, I did.

Q Are excerpts of that website located at Exhibit 12 of SCHEV's exhibits?

A Yes, it is.

Q You have heard Security University's explanation that this refund policy applies only to voucher, does that satisfy SCHEV's concerns regarding having a noncompliant refund policy?

A No, it doesn't because this refund policy does not address the refunds to students at all and again this is noncompliant. We have a very specific refund policy in the regulation and this does not meet that.

Q This refund policy did not exist at the time of your audit; is that correct?

A No, it did not.

Q You have also heard Security University's testimony that basically the refund policies were inadvertently included and that in actuality they refund 100 percent of student's tuition if requested by a student or if a student drops a class; does that satisfy SCHEV's concerns about the refund policies in Security University's documents?

A No. Because again there is no way that we can determine that unless again -- first of all it's not stated anywhere so again when we go to conduct an audit we look at what is in their documents and what they are saying and then we verify that with something.

Granted, if the school tells us that there have been no refunds, we don't know if they actually applied it or not but the documentation, what the school has in writing, has to meet the requirement of the Virginia Administrative Code.

Q Did Security University during your audit provide you any examples of documentation showing a refund provided to a student?

A No. But we had requested the names of any students that had received a refund within one year. We had only requested one year and we were told there were no students within that year.

Q But were you given any examples even outside that year of students having received refunds that would document Security University's position regarding their refund -- what their refund practice actually is?

A No.

Q Is it a concern to you at all that there are Security University documents having a refund policy that may not in actuality be the practice that Security University user?

A Yes. And the reason for that is, when we view three conflicting documents we do not know what the student believes is the true refund policy. For example, if a student is enrolled in one of the courses and happened to see incorrect refund policy that says if you withdraw, you know, if you tell us you're not going to come the class ten days you are not going to get any money back, the student will believe that is the correct refund policy and would not even, may not even argue it, so we would not know which policy is being applied.

Q From SCHEV's perspective during an audit it's important that the refund policy of the school be compliant with the code; correct?

A Yes.

Q But also that whatever refund policy is described or provided to students be consistent with the actual practice of the school?

A Yes.

Q Otherwise the policy that is being identified isn't actually a policy because in practice it's something
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<tr>
<th>Page 190</th>
<th>Page 191</th>
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<tbody>
<tr>
<td>1 else?</td>
<td>1 that they will correct whatever item was found in violation and we ask them to attest that it will be corrected and then they sign it.</td>
</tr>
<tr>
<td>2 A Yes.</td>
<td>3 Q Is that what Exhibit 15 is?</td>
</tr>
<tr>
<td>3 Q The refund policy issue, you were here and heard discussion about that having been an issue since an audit that was conducted in 2011; is that correct?</td>
<td>4 A Yes, that is Exhibit 15.</td>
</tr>
<tr>
<td>4 A Yes.</td>
<td>5 Q Exhibit 16 is the 2012 follow-up report; is that correct?</td>
</tr>
<tr>
<td>5 Q Just for the record, the 2011 Report of Audit is included in SCHEV’s exhibits as SCHEV Exhibit 13 and at Exhibit 15 there is an attestation statement?</td>
<td>6 A Yes.</td>
</tr>
<tr>
<td>6 A Yes.</td>
<td>7 Q In the follow-up Report of Audit the refund policy continues to be an issue; is that right?</td>
</tr>
<tr>
<td>7 Q Could you explain to the Hearing Officer what this attestation statement is?</td>
<td>8 A Yes.</td>
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<td>8 A Yes.</td>
<td>9 Q Even after the attestation page?</td>
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<td>9 A Yes.</td>
<td>10 A Yes.</td>
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<tr>
<td>10 A Yes.</td>
<td>11 Q The attestation that was completed by Security University in February of 2012?</td>
</tr>
<tr>
<td>11 A Yes.</td>
<td>12 Q In the 2012 follow-up report SCHEV advised at that point that repeat findings in future audits could lead to adverse action including revocation of certification; is that correct?</td>
</tr>
<tr>
<td>12 A Yes.</td>
<td>13 Q Then we jump to the 2014 audit and here you are reviewing Security University documentation and you find incorrect refund policies again?</td>
</tr>
<tr>
<td>13 A Yes.</td>
<td>14 Q enrollment contract. We request their financial, any financial documents between the school and the student. We request for the admissions, the application and the backup information that tells us how that student was admitted. Each school is different.</td>
</tr>
<tr>
<td>14 Q Is it your understanding based on the testimony provided by Security University that the reason for the ongoing refund policy issue is at this point an editorial oversight on their part?</td>
<td>15 Q Just so we are clear, is it correct to say that the backup information you are requesting to show how the student was admitted, are you looking for evidence that the admissions policy was actually applied to the particular student?</td>
</tr>
<tr>
<td>15 A Yes.</td>
<td>16 A Yes.</td>
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<tr>
<td>16 Q Moving on. The second violation that you found with regard to Security University was that the institution does not follow its own admissions policy; is that correct?</td>
<td>17 Q In other words, if the admissions policy requires certain documentation, you have paperwork in the file that shows the student had X, Y and Z documentation and therefore was admitted?</td>
</tr>
<tr>
<td>17 A Yes.</td>
<td>18 A Right.</td>
</tr>
<tr>
<td>18 Q Can you explain what that violation is.</td>
<td>19 Q Or had X, Y and Z qualifications and therefore was admitted?</td>
</tr>
<tr>
<td>19 A The regulation states that a post-secondary school shall have, maintain and provide to all applicants a policy document accurately defining the minimum requirements for eligibility for admission to the school. When we conduct an audit we request documents so that we can verify that the school is adhering to its own admissions policy.</td>
<td>20 A Yes. And again, each school sets its own admissions policy. We do not tell them what their admissions policy is. However, when we go to the institution to conduct an audit we are verifying that they are following their own admissions policy and so anything</td>
</tr>
<tr>
<td>20 Q What documents do your request?</td>
<td>21 A We request the student record and that is usually -- well, for the student records we request an</td>
</tr>
<tr>
<td>21 A We request the student record and that is usually -- well, for the student records we request an</td>
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students that I wanted to verify their admissions criteria and I sat down with Ms. Schneider so that then she could provide me with the documentation for each student as we went along and we were sitting, I believe, it was a laptop.

Q What information did Security University provide to you to show that they were applying the admissions policy?
A None.
Q Nothing?
A Nothing.
Q What was the explanation?
A Well, what happened was I pointed out that the admissions requirements that were in the handbook and the catalog and the staff handbook all were very similar and they required that the student had a resume, a background check, a letter from an employer.

In two of the documents, I think it was in two of the documents, it said that effective February 11, 2011 students must provide evidence of twelve months of professional work in information technology and relevant TCP/IP or IT security certifications.

So when I was asking for these documents I was told that the students that were being admitted did not have any requirements whatsoever, that those only applied to students that were wishing to enroll in the QISP program and that there were no admissions requirements for anybody else.

Q When you are referring to having reviewed the admissions policy, just for the record, that was in the student handbook on page 27; is that correct?
A Yes.
Q In the catalog on the last unnumbered page?
A Yes.
Q And in the staff handbook fourteenth page from the rear of the staff handbook?
A Yes.
Q In the student handbook and the staff handbook both of them referred to requirements that quote, "all students" close quote, are required to have; is that correct?
A Yes.
Q Neither the student handbook nor the staff handbook identified any distinction between all students and students who are applying for a particular class or credential?
Q Okay. If, in fact, Security University does apply the admissions policy that's identified in their documentation, have you ever been provided the documentation you requested from student files that show the admissions policy was applied to this randomly selected student?
A No.
Q You've heard the testimony here today that there is some confusion over which policies are applied to particular certification or credential versus which policy is applied to students seeking to take classes at Security University; does that explanation satisfy your concerns regarding the admissions policy?
A No.
Q Why?
A Because to be honest I'm not really quite understanding -- I still don't quite understand what their admissions policy is. I still don't quite understand it because I was told, as I said, during the audit I was told that there were no admissions requirements.
During the Informal Fact-Finding conference there seemed to be some -- it started out that there were no requirements and then went to that there were some requirements for different people and I am still not sure what their admissions policy is.
Q Even if their admissions policy is as we understand it from the testimony today, that being that certain requirements apply to folks seeking a particular credential versus folks just generally applying to take courses at Security University.
If that explanation is, in fact, accurate that would still be in conflict with what was published in their student handbook and their staff handbook when you did the audit; is that right?
A Yes.
Q Because both of those speak to requirements for all students?
A Yes.
Q Again, you've never seen any documentation applying any of these requirements?
A No.
Q There was some discussion about the timing of payments for enrolling students and that arose more so in the IFF than anything during the audit; is that correct?
A Yes.
Q Can you explain what the concern was there?

A Yes. The registration for Security University states that students are required to register online at the website. They go onto the website, they fill out the form, they pay their money and there is no verification that they meet any standard for admission to take that course.
If you have that process where somebody pays up front and is not even vetted to see if they actually meet the standard to enroll in that class there is again the chance that the student will not receive their money back.
The admissions requirement that we have is because you do that whole process prior to somebody actually paying a fee. That protects the student. There is that question about how a student can enroll, pay the money, before they have actually been vetted.
Q What you just testified to about the website, is that as of your audit in 2014 or during that time period?
A I'm sorry?
Q You testified that if you go on Security University's website and you want to enroll in Security University, you register and you pay and there is no

vetting at that point of whether you are qualified for what it is that you are --
A Right. Yes.
Q Is your knowledge of what the website looks like and what the website does based on what you had available to you during audit in 2014 or during that time period?
A Yes. That was still available, yes.
Q Moving onto the next violation, Violation Number 3, the institution does not meet standards of training in the field. What is the regulation that is being violated here?
A The regulation is courses of study conform to state, federal, trade or manufacturing standards of training for the educational fields in which such standards have been established or conform to recognized training practices in those fields.
Q Is it your understanding that Security University has different categories of classes and I suppose one way of categorizing that is there is a set of classes or programs that Security University itself has developed and provides its own testing exams, certification, and those classes are usually designated
want to keep interrupting but this is SCHEV's position of violations not the legal conclusion that there is a violation.

MR. MELIS: Right. That's obviously in dispute. That's why we are here. We are in dispute.

THE HEARING OFFICER: I understand and we will proceed on that basis.

BY MR. MELIS:

Q Go ahead and explain for the Hearing Officer what SCHEV's concern is with regard to Security University's programs or classes leading toward a certification from an outside organization.

A Again, we are talking about student protection so one of the things that we look at when we visit a school is that the training they are providing is giving them the appropriate training for whatever it is that they are training in.

For example, if a person is taking a program and I'm going to use something totally different than this so that I can give you an example, if a program is training a nurse, for example, that nurse must be able to sit for licensure.

So that program must meet the requirement for

not being trained properly because they were not a partner.

Q As I understand it, one of these outside certifying outside organizations may have a particular experience requirement to sit for their exam; correct?

A Yes.

Q That would be a standard imposed by that outside organization that you must have X number of years of experience to sit for our exam?

A Yes.

Q As I understand your testimony and you've noted it in your Report of Audit for which Items this applies to, there are certain certification programs that Security University was offering that did not yet students to determine whether they were actually eligible to sit for the exam that Security University had indicated they were training them for?

A Yes.

Q In that context, that standard, that certain experience be required was not being applied by Security University?

A Yes.

Q Is it also a problem that -- I understand what
you testified to and what is in the Report of Audit that SCHEV views it as a problem that Security University is not authorized to provide -- their programs are not authorized by these particular outside certifying organizations to provide the training necessary for the certification; is that correct?

A Yes.

Q Is there any way for SCHEV to evaluate whether these programs for outside certification meet the standards of training without the outside organization actually approving of these programs?

A No.

Q I'm assuming these programs are highly technical, highly specialized programs that are offered by these outside -- I'm sorry -- these certifications are highly technical, highly specialized certifications offered by these outside organizations?

A Yes. And as I said, we have hundreds and hundreds of different programs in the different schools.

We have over 300 schools that we certify and so it's impossible for SCHEV to know the requirement for every single item. So we depend on standards that we find within the different fields to ensure again the student qualified to provide training for?

A Yes.

Q Does this in any way satisfy SCHEV's concerns regarding this particular violation?

A No. Because that certification does not address the outside certifying agencies that have these programs by name. That actually is only for the Security University programs, the ones that were created and have the testing and the certification through Security University.

Q Did SCHEV have any concerns regarding any claims by Security University that training for its own programs, its own certifications, the Q classes would prepare students for taking certification exams offered by outside organizations?

A I'm sorry.

Q Let me refer you to the Report of Audit on Page 6.

A Yes.

Q Item Number 3 indicates that Security University falsely claims that training for its own certifications will prepare students to pass certification exams by outside organizations.

Q From SCHEV's perspective the entity that, for example, establishes the standards for becoming a certified ethical hacker is the EC Council; is that correct?

A Yes.

Q What SCHEV looks for is that EC Council has approved the program that Security University has identified as training someone to receive EC Council certification; is that correct?

A Yes. I believe that they call them training providers.

Q If they are not a training provider then, from SCHEV's perspective, they don't meet the standard -- the training does not meet the standard that is required by the regulation?

A Yes.

Q You saw in the materials that were exchanged by the parties in preparation for today as well as the testimony earlier today that Security University has certain certifications that they've provided as Security University Exhibit Number 10 from CNSS describing positions that CNSS is certifying Security University as...
the qualifications to take those exams.
Q. The fourth violation or issue that SCHEV has identified as a violation was the course catalog containing false, inaccurate or misleading information; what is the applicable regulation there?
A. The applicable regulation is that all recruitment personnel must provide prospective students with current and accurate information on the school through the use of written and electronic materials and no school shall knowingly make any statement or representation that is false, inaccurate or misleading regarding the school.
Q. In your Report of Audit you indicate that you found violations of this regulation; is that correct?
A. Yes. Yes, we did.
Q. One of which was, let's start with the use of the word graduate certificate or master certificate.
A. Yes.
Q. That is located in which document?
A. That is also in the document that is the brochure which is Tab B in the SCHEV documents. So the first thing that we found there is, "Advance your degree with QISP IA, CyberSecurity Graduate Certificate," and

academia.

THE HEARING OFFICER: Mr. Melis?
MR. MELIS: She is not being offered as an expert in higher education. She's testifying based on her experience in auditing universities and colleges, post-secondary institutions.
THE HEARING OFFICER: She is offering her opinion based on her experience?
MR. MELIS: Right.
THE HEARING OFFICER: Okay.

Q. You have heard discussion today about other institutions that use the term master and graduate in the same manner that Security University uses it. In the brief there was a reference to the University of Richmond, Villanova, IBM and today the University of Virginia as another example. Does that address SCHEV's concerns about the use of those terms?
A. No, it doesn't. First of all, none of those schools are regulated by our division post-secondary. Just to point this out, so this particular regulation does not apply to these other schools that were being compared to.

that is found again on the inside portion and it's stated.
Q. The problem with that is, again, this is not a degree granting institution. The use of "Advancing your Degree" when you are not degree granting is misleading.
Q. What about the use of the term, graduate and master in the world of higher education? Does the use of the term graduate or master connote or imply any certain level of classes?
A. Yes. It denotes a level beyond the baccalaureate level.
Q. Someone could see an indication of a graduate certificate or a master certificate and might understand that they are not going to get a graduate degree or a master degree but believe that they are obtaining courses that are at a master or graduate level?
A. Yes.
Q. Is that the concern with the use of those terms?
A. Yes, it is.
MR. SHANNON: I am just going to object that she hasn't been qualified as an expert. If she wants to give an opinion on behalf of SCHEV, that's fine, but she can't speak with regard to the position of all of
appraised that the school had -- was offering any online
or distance education and so the "no classroom needed"
indicated to us that there was a possibility that there
was online education or distance education.
Q Is SCHEV's concern there that someone reading
that phrase, "no classroom needed" could have taken that
literally to mean I can go to Security University or I can
take classes at Security University and I need to go to no
roomless?
A Yes.
Q SCHEV also had an issue with the 98% pass rate
claim; is that correct?
A Yes.
Q What is the problem there?
A We did not receive any documentation that
actually proved that there was a 98 percent pass rate and
so, again, when you talk about student protections if you
are advertising something in a brochure a 98 percent pass
rate sounds very good to a student so we wanted to know
what was the documentation that actually proved a 98
percent pass rate?
Q Did you ask that documentation?
A I don't recall right now if I did. To be

it's called Proctometric but I'm not too sure, you can test
not only your students but you can test anybody that comes
in to sit for the exam. So I am not too sure that any
documentation that would be from that particular group
would only include Security University students.
Q The issue is that if a cohort of students
takes an exam at Security University that it's
administering on behalf of CompTIA, for example, and then
Security University gets the results back regarding that
particular examination you may not be able to tease out
the Security University students from that because it's a
group of students that could be from other places as well?
A Right. And again, I don't know which exams
they offer through this method, I think it might be the
CompTIA. But, yes, we would not have -- unless we could
compare -- we wouldn't know which students would be
Security University.
Q What about the exam administered by the
organization known as ISC squared, that Security
University does not proctor that exam but has indicated
that well, we rely on self reporting because students, if
they fail they come to us and we will give them another
class.

honest, I don't recall if I actually asked for that
documentation at that particular time.
Q Was any documentation offered to show a 98%
pass rate?
A No, not at the -- there was nothing presented
at the audit, however, during the Informal Fact Finding
Security University presented some documentation that they
said proved their pass rate, however, there was no way to
actually know. I couldn't figure it out. I actually
stated I really didn't know what I was being presented
with so I did not understand it.
Q Is it your understanding that this particular
issue was an issue for the accrediting agency also?
A Yes.
Q Since the audit, SCHEV has become aware that
Security University is a proctor for an exam administered
by CompTIA and therefore has data supporting a 98 percent
pass rate claim; is that data that you have seen or do you
know whether you have seen that data?
A No. And to be honest with you, I know --
again, from experience from other schools that we have
visited, we have a lot of schools that offer this type of
training, if you are a provider of the test and I believe

A Right.
Q Does that satisfy your concerns about
verifying the 98 percent pass rate claim?
A No, it does not. If I may, during the audit
again --
MR. SHANNON: I'm just going to object that
it's not responsive. The testimony that the witness just
gave is she doesn't recall asking for documentation and
then everything else is just conjecture but she didn't ask
for any documentation.
I realize relevancy determinations sometimes
can be overruled in this context but there's just no basis
for this testimony if she didn't ask the documentation
regarding 98 percent of test takers pass.
THE HEARING OFFICER: Mr. Melis?
MR. MELIS: She's testifying about the basis
for SCHEV's finding that this claim cannot be supported
and she's also testified that no documentation has ever
been provided to her on that claim.
THE HEARING OFFICER: I will allow her to
testify. I understand that her testimony is that she
didn't ask for any documentation but I think she's
testifying about her experience -- a lot of her testimony
appears to be based on her experience in doing audits.

MR. SHANNON: I accept the recommendation.

Because we have a Court Reporter I just wanted to raise it but again I appreciate Mr. Melis not interrupting me so I've tried to keep it to a minimum.

THE HEARING OFFICER: Okay.

BY MR. MFLIS:

Q Mrs. Rosa-Casanova, in your Report of Audit you noted an issue with the use of the term credits and in particular transfer of credits; can you explain what the issue is there from SCHEV's perspective.

A Yes. In the staff handbook there was an indication of credit transfer, program and credit, when you talk about university transfer of credits -- I'm sorry, I lost my train of thought -- in a university, a college or university, the term credit, credit hours is based on a particular standard, a Carnegie unit of standard.

And so when you talk about transferring credit you are talking about an institution of higher education and transferring that credit to another institution of higher education. Now, the transfer of credit is always dependent on the receiving institution so that institution determines what credit will be accepted.

that Security University has its own programs that would qualify individuals to sit for a certification --

A Yes.

Q -- by an outside organization; is that covered under this misleading program descriptions category?

A And we are -- I'm sorry --

Q I'm referring to Item Number -- let's do it this way: I'm referring to Item Number 4 on Page 8 of the Report of Audit.

A Okay.

Q What is the concern there?

A In the misleading language?

Q Yes.

A Are we talking about it down here? I'm sorry. I'm a little bit lost.

Q Here, Number 4. The Report of Audit indicates that some programs Security University offers were created by Security University and stated that the certification is maintained and granted Security University testing, L.L.C. The descriptions for these programs are misleading and you go on to discuss the ethical -- EC Council.

A Yes. This goes back to what we talked about

And there are certain standards when you are talking about accreditation has a lot to do with it because you must transfer credit from an accredited institution to an accredited institution. When you are talking about transferring credits it implies that it is a degree granting institution.

Q Security University has identified that it has a Memorandum Of Understanding allowing it to transfer credits to Capitol College; does that satisfy SCHEV's concerns regarding Security University's ability to identify itself as having the ability to transfer credits to potentially a degree granting institution?

A No, it does not. I did not see that Memorandum Of Understanding. That is not indicative of anything at this point. No. Again, we evaluate a lot of documents. We determine those, you know, the validity of those documents and so, no, that does not -- the issue is, again, the confusing of terms that a student might believe that he can actually transfer credit to a degree granting institution that is accredited.

Q You had a concern in your report about misleading program descriptions. I think we may have covered that when we discussed descriptions of programs,

before. A student sees some of the names, similar names, to programs that are known in the industry, known as training in that industry and it's confusing, it's misleading because the students don't actually know what they're taking when they actually take a program that was created outside of these agencies.

Q As part of your audit, did you contact EC Council to discuss this particular concern?

A Yes, I did.

Q What did you discover as a result of your contact with EC Council?

A I was told --

MR. SHANNON: I'm objecting on hearsay grounds.

THE HEARING OFFICER: I will allow it.

Objection noted but overruled.

THE WITNESS: I was told by EC Council that there had been some instances where a student that had attended Security University had contacted EC Council so they could get their test so that they could become certified as ethical hackers and were unable to sit for the exam because they did not meet the requirement.

BY MR. MFLIS:
Q EC Council is one of these outside certifying companies; correct?
A Yes. And they also said that they had stopped their -- they had some affiliation with Security University and because of that they had stopped that affiliation.
Q Did that information factor into your citing them for violation of this particular regulation regarding misleading statements?
A Yes, it did.

Q Moving on to the next issue Number 5 that the institution does not maintain student records in accordance with the Virginia regulation; what is your understanding of the requirements of the regulation?
A The regulation states that the post-secondary school has to maintain records on all students and these records must include a transcript of the student's academic or course work at the school which shall be retained permanently in either hard copy forms or an electronic database with backup.
Q What did you do during your audit to verify whether Security University is compliant with this regulation?

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Q Did you see any transcripts during your audit?
A No.
Q Did you request transcripts during your audit?
A Yes.
Q What explanation was given for why no transcripts were provided?
A Again, we were presented with -- I don't recall that there was a reason for it. Like I said, we were presented with something that is an invoice as opposed to a transcript.
Q Does the existence of these three transcripts -- actually, the first two pages appear to be for the same person, they appear to be identical. Does the existence of these transcripts satisfy SCHEV's concerns regarding Security University and maintaining transcripts in accordance with the regulation?
A No. Because, again, during an audit that is one of the things that we request and so during an audit we, again, randomly select the students. We ask them to present the transcript for those students that were randomly selected and the school should be able to provide those at the time of audit.
Q You want to avoid the school self-selecting which transcripts it will produce to you; is that correct?
A Absolutely.
Q Number 6 in your Report of Audit was that the institution advertises programs that do not meet standards for quality, content and length; which regulation are you concerned with there?
A The course, program, curriculum and instruction must be of quality content and length to adequately achieve the stated objective.
Q What was the concern that you had with Security University was doing?
A They were advertising unlimited security training and there was no way to determine -- well, there were several issues. There was no way to determine that the student in that particular period of time would actually be enrolled in classes.
One of the problems was, suppose a student was enrolled in just one class and paid $11,000 for it. So that was a big issue. But the second issue was, how do you determine that they met the requirement, the quality, when you really didn't know how that student was going to be able to take those courses.

in the regulation is that, university means any institution offering programs leading to degrees or degree credit beyond the baccalaureate level.
Security University is not a university and they have admitted that they are a post-secondary institution. But when the school uses that name and then advertises certain -- by -- it blurs the line between what the school is actually providing.
When we look at the documentation that we saw, the school blurs the lines between -- they don't really -- they use terms that are used in higher education and they are not an institution of higher education.
Q Security University has pointed out that SCHEV initially allowed Security University to proceed with the name university; correct?
A Yes.
Q At this stage, having already allowed Security University to proceed with the name university, is your concern solely limited to the fact that it's using the name university or is it in combination with the other terms that it's using; is that the issue here?
A The issue is in combination with the other terms that it's using.

So for example, there is always a beginning -- when we -- when a school has a course -- teaches something, there is a beginning date, an end date and there is the program that goes consistently between that.
If something should happen to the school and the school loses its certification or closes abruptly, which happens, we have to be able to look at that student and determine how much money the student receives because we, as the state regulator, we provide refunds for unearned tuition.
So that's -- we go by that period of time that is very distinct and very specific so that we know beginning, ending, that is what the student signed up for.
Q What is your understanding of what the stated objective is for a student who gives $11,000 and has access to any classes at Security University?
A There is no stated objective because they are just signing up. They are paying $11,000 and that's it. I mean, there is no stated objective.
Q With regard to item Number 7 that has to do with the use of the term university; what is the issue there from SCHEV's perspective?
A The definition of university, both in code and
from the regulation in 8 VAC 40-31.

So under Vocational it says, "Vocational" means a non-college degree school that offers only non-college credit courses. Such schools have programs of instruction offering a sequence of courses that are directly related to the preparation of individuals for paid or unpaid employment in current or emerging occupations requiring other than a baccalaureate or an advanced degree."

And then it goes on to say, "Vocational education shall not include instructional programs intended solely for recreation, enjoyment, personal interest, or as a hobby, or courses or programs that prepare individuals to teach such pursuits."

Q For the record, what were you reading from there?

A I am reading the definition of "vocational" from the Regulations 8 VAC 40-31.

Q Which regulation defines "vocational"?

A It's under the definitions which is 40-31-10, definitions.

Q You had listed in your Report of Audit an item of concern regarding the use of the term avocational?

is compliant with the code. That's what she does.

With regard to vocational and avocational, part of the reason why she has the Administrative Code with her is because that's her job; it's to look at the Administrative Code, look at what the school is providing and what the school is doing and make a determination whether to recommend an action against the school based on that. That's her employment. That's what she does.

THE HEARING OFFICER: The problem I see, though, is with the use of the word "erroneous." That might be going beyond --

MR. MELIS: I will rephrase the question.

BY MR. MELIS:

Q Under the Virginia Administrative Code, based on your experience and your interpretation as an auditor who determines whether institutions are compliant with the code, do you read Security University to be a vocational school or an avocational school?

A Vocational.

Q At the conclusion of your Report of Audit, you have a SCHEV audit team recommendation that summarizes your findings and a final recommendation in which you recommend on behalf of SCHEV that Security University lose its certification, that is, the certification be revoked; is that correct?

A Yes.

Q Is that determination based -- tell me why you made that determination.

A We made the determination because not only the audit -- during the audit of 2014 we found a lot of violations; however, there were a series of violations from the prior audit and I want to, if I may, I would like to make a clarification about the Report of Audit of 2011, for the record, is that --

Q Well, let's do this --

A Oh, okay.

Q Go ahead and answer the question as to why you recommended that Security University have its certification revoked as opposed to some other action.

A Okay.

Q At this point in 2014.

A In 2014, okay, there were a series of violations during this audit. There were repeat violations from the prior audit and we had worked very diligently with Security University to get them in compliance and we found that the violations were
significant enough and that there was either -- there was a problem with the school meeting the requirements of the regulation.

In addition, there were issues with other agencies and being able to be compliant with other agencies so there seemed was a trend over a period of time to be noncompliant, not only with SCHEV but with other agencies. That was the reason why the recommendation.

Q In SCHEV's list of witnesses and exhibits, SCHEV has included the 2011 Report of Audit that is Exhibit 13, the 2012 follow-up Report of Audit as Exhibit 16, the ACCET letter, Exhibit 17, regarding the accreditation issues, and the Commonwealth of Virginia, Department of Veterans Services, Exhibit 18, the Connecticut Department of Higher Education letters, Exhibit 19; are those agencies and issues that you considered in determining whether it's gotten to the point where revocation is necessary as opposed to some other remedy?

A Yes.

MR. SHANNON: I would object on leading.


place and so that was what we -- what we did was, we asked the school to present that.

If you look behind Tab 16, okay, what hap -- what we do is, once the institution provides the response to our audit, we either close the audit because everything has been addressed or we issue a follow-up. This was a follow-up letter and Report of Audit based on the originally conducted audit.

And in this Report of Audit, which is a follow-up report, you will see that now there are more items of noncompliance. The reason is because when Security University tried to submit a new catalog and as was said in previous testimony by Ms. Schneider, Ms. Wright did help her to create that new catalog.

What was received by SCHEV was still noncompliant after many tries. And so this issue indicated all those items that were still noncompliant because the actual catalog did not meet the requirement of SCHEV. And so this actually became additional items.

Q During the testimony today, you've heard many times Security University indicate that no student has complained about a particular issue, the refund policy for example or of what SCHEV has determined is a misleading

statement in its brochure or any number of other issues that we've identified and discussed today; is that dispositive in any way as far as SCHEV's -- instead of using the word dispositive I will rephrase that -- does that satisfy SCHEV in any way that there are no potential issues here because no student has ever complained about a refund or any of these other points that we've raised?

A No. Because -- well, first of all, in regard to a refund, again as I stated, it depends on which refund policy they looked at. I mean, they may not have known they were entitled to a refund. So that, in terms of the refund, definitely not.

But also, we do not know whether students have wanted -- we do not know anything about the complaint process, whether some complaint actually went to, you know, through the school. We have not received any, but that does not mean that there haven't been any.

Q Does SCHEV wait for a complaint to be filed or asserted in some way before SCHEV takes action if SCHEV believes that a school is noncompliant?

A No. One thing does not have to do with the other.

Q You heard today from two former students who
indicated they were very satisfied and had no complaints about Security University; correct?

A Yes.

Q Let's assume that you were at the audit and those two students were there and had made the same statement; would that change anything that you put in your Report of Audit?

A No. We also, as part of our audit, we do like to meet with students. Normally, again, when we go to a school and if it has like classes, we determine which classes we are going to go into. We actually speak to the students. We do not let the school self-select the students that we will speak to so that would not affect our final audit report.

Q One of the points that came up during testimony was with regard to Security University's Exhibit 8, it's an e-mail dated August 12, 2014 in which Ms. Schnelder recommended that a particular student should maybe go to seek other training or "go to use your GIB" and take the training online or in person -- oh, here it is, recommending that the student go to a local community college first.

With regard to the issue that SCHEV noted came onboard with SCHEV. So if a school says, we give 100 percent refund, we have absolutely no problem with that.

Q Thank you very much. I don't have any more questions.

THE HEARING OFFICER: Okay.

MR. SHANNON: I have a couple of questions.

CROSS EXAMINATION

BY MR. SHANNON:

Q Ms. Rosa-Casanova, your audit in 2011 was on September 27th; correct?

A Yes.

Q And then I understand that for some period of time after there was the issue with the refund policy and also SCHEV requiring Security University to make multiple documents, that there was some follow-up in early 2012; is that correct?

A We did not require the school to make multiple catalogs. What we were looking for -- it says for her to separate but we didn't need to know anything about -- because it's -- the catalog that we were given had contractors and employees. So we said, in a student catalog, that has nothing to do with the student. So it wasn't that we were requiring her to make three catalogs. We needed her to give us a document that was for students.

Q According to the audit report which is Exhibit Number 6 in the Security University's binder, SCHEV states, quote, "SCHEV strongly suggest that Security University create a separate document for each of its stakeholders, employees, students and contractors."

A Right. We do not know what a contractor is, but yes, employee is what we call either a faculty or a staff handbook and a student handbook or a student catalog.

Q After SCHEV said make three documents out of one document, my question was, there was some limited follow-up in 2012 with regard in part to the tuition refund policy; correct?

A I'm sorry?

Q Ms. Wright was helpful in trying to provide some language for the tuition refund policy that was --

A For the whole entire catalog.

Q -- that was applied.

A For the whole entire catalog, not just the refund policy.

Q I'm not trying to ask a trick question.
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<tr>
<td>A Yeah, no. I know.</td>
<td>Department of Veterans Services --</td>
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<tr>
<td>Q Then you had an audit dated January 30th and 31st of 2014; is that correct?</td>
<td>A Uh-huh.</td>
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<td>Q But that was not the limited extent of your personal contact with Security University in general and Sondra Schneider in particular; is that correct?</td>
<td>A Okay.</td>
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<tr>
<td>A I don’t quite understand the question.</td>
<td>Q It is true, is it not, that Security University had listed a series of classes with SCHEV that SCHEV approved could be taught by Security University?</td>
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<td>MR. MELIS: I think the phrase “personal contact” is what threw me off.</td>
<td>A Yes.</td>
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<td>BY MR. SHANNON:</td>
<td>Q Is it also true that thereafter when SCHEV switched to online submissions somehow SCHEV dropped the vast majority of the classes that SCHEV had previously approved for Security University to teach?</td>
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<td>Q Between 2011 and 2014, there was more than simply the 2011 audit and 2014 audit that you were personally involved in?</td>
<td>A It seems that did happen.</td>
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<td>A Oh, yes, yes, yes.</td>
<td>Q Is it not true that was the catalyst for the Department of Veterans Services saying you are enrolling veterans to take classes that are not SCHEV approved and you can't do that?</td>
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<td>Q Do you remember on June 29, 2013 having a phone call with Sondra Schneider saying, &quot;No matter what you do, you will be shut down&quot;; do you remember that phone call?</td>
<td>A That is not the reason why they -- that well -- I'm sorry -- tell me the question again.</td>
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<tr>
<td>A No. I do not.</td>
<td>Q This is your e-mail; correct?</td>
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<tr>
<td>Q I am going to call your attention to Exhibit 21 of Security University's binder. This is an e-mail from you to Ms. Schneider, copying Ira McClellan from the</td>
<td>A Yes.</td>
</tr>
<tr>
<td>21 of Security University's binder. This is an e-mail from you to Ms. Schneider, copying Ira McClellan from the</td>
<td>Q You take ownership for what you say in your e-mails; correct?</td>
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<tr>
<td>A Yes.</td>
<td>A Yes. Okay.</td>
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<tr>
<td>Q You indicate that in 2008, SCHEV switched the list of approved classes for all of the institutions of learning from paper documents to online documents?</td>
<td>Q Your position is, as I read this e-mail, quote, &quot;While there is no indication in our records why this happened there is also no indication that the omission was reported to SCHEV,&quot; end quote.</td>
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<tr>
<td>A Yes.</td>
<td>A Yes.</td>
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<tr>
<td>Q And in the process whether, it was you or somebody else in SCHEV, you dropped the vast majority of Security University's classes from your list of approved classes; is that not correct?</td>
<td>Q Your position was, as I understand it, yes my agency dropped all your classes that led to this ripple effect where other agencies or credentialing, a credentialing body, was led to believe that you are offering classes to veterans and taking money for veterans that it's not authorized to teach but you should have known that we screwed up; isn't that your position?</td>
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<tr>
<td>A Yes.</td>
<td>MR. MELIS: I'm going to object. I understand that relevance is pretty loosely considered here --</td>
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<tr>
<td>Q As a result of that, other entities including ACCET and the Department of Veterans Services believed that Security University was teaching veterans classes using GI Bill money, using VRAP money, that was not approved by SCHEV; isn't that correct?</td>
<td>MR. SHANNON: My --</td>
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<td>A Yes.</td>
<td>MR. MELIS: Let me just make the objection.</td>
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<td>Q That is why you are copying Ira McClellan?</td>
<td>I am going to object as to relevance because the issue of whether -- this issue has not been identified by SCHEV as a problem and hasn't been identified by any of the outside certifying agencies as far as I can tell as a problem. So it hasn't been discussed and it's not at issue with regard to SCHEV's recommendation that the school be decertified.</td>
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<tr>
<td>A Yes.</td>
<td></td>
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<td>Q You are admitting that was SCHEV's fault; right?</td>
<td></td>
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<tr>
<td>A Well, if -- I -- they -- okay, you have to understand again self certification.</td>
<td></td>
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<tr>
<td>Q Ma'am, it's just a yes or no question.</td>
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MR. SHANNON: My position is that the reason why Ms. Rosa-Casanova went from having two issues in 2011 to a 2014 audit that she was personally involved with where she is recommending that a fifteen year institute get shut down is because she's personally invested in the process because of this is screw-up that occurred between the 2011 audit and the 2014 audit.

THE HEARING OFFICER: Let me state what I understand. I believe the testimony that the witness provided earlier is that there was the VA situation and ACCET situation involving Security University that affected the results of the audit; is that not correct?

MR. MELIS: It affected the recommendation.

THE HEARING OFFICER: The recommendation. And what I hear now is that this Exhibit 21 shows, Security University's Exhibit 21, may have had some contribution to what these outside organizations state; is that correct?

MR. SHANNON: The CoV Department of Veterans Services letter dated two days later where Ira McClellan, who is copied on this, and his boss, Annie Walker, are saying we are not doing business with you anymore.

THE HEARING OFFICER: I can see the relevance of that information but as far as -- I don't know where it was going with the rest of the question.

MR. MELIS: If I could state for the record, the letter, at least based on my recollection and my last reading of it, doesn't reference the existence or nonexistence of classes as a basis for -- by the letter I mean the Department of Veterans Services letter -- doesn't reference the existence or nonexistence of classes as a basis for their withdrawal.

MR. SHANNON: I'm going to follow-up --

THE HEARING OFFICER: Their recommendation is based on a letter they received from someone named Sipp, I believe it was. So I understand that.

BY MR. SHANNON:

Q Did you have conversations with Ira McClellan about Security University teaching classes that were not on the online approved list by SCHEV?

A I have had -- I'm not really -- you know, the way that you are phrasing the question is -- because you don't understand the process and like one of the things you had stated is that she -- how would she have been aware that the classes had been dropped?

MR. SHANNON: I'm just going to object because it's nonresponsive.

THE WITNESS: No, because it is.

THE HEARING OFFICER: Just a moment.

THE WITNESS: Okay.

THE HEARING OFFICER: Mr. Melis, would you want to --

MR. MELIS: Answer the question as best as you can --

THE WITNESS: Okay.

MR. MELIS: -- as far as your conversation with Ira McClellan.

THE WITNESS: Please repeat the question again.

BY MR. SHANNON:

Q Did you have conversations with Ira McClellan of the Department of Veterans Services about Security University teaching classes that were not on the online list of approved classes of SCHEV prior to August 2, 2013?

A Yes.

Q You had multiple conversations with Ms. Schneider about Security University needing SCHEV to put the list of classes back up as approved classes; is that correct?

A Needing Ms. Schneider --
1. A No.
2. Q No contract?
3. A No.
4. Q But it's their fault and your fault as opposed to just your fault?
5. A Yes.
6. MR. MELIS: That's been asked and answered.
7. MR. SHANNON: Okay. I'll move on.
8. THE WITNESS: And I can give any explanation why.
9. MR. MELIS: Just answer the questions.
10. BY MR. SHANNON:
11. Q Going back to the 2011 audit that we have as Exhibit 6 for Security University, the second item of concern which in 2011 was an item of concern, now you characterize it as an item of noncompliance?
12. A In the follow-up, yes.
13. Q Is it fair to say that you, at the time, prior to SCHEV dropping all of Security University's classes you viewed this as a lesser infraction than you do now where you characterize it as an item of noncompliance; is that correct?
14. A I'm sorry. I'm really not understanding. You we had requested at that 2011 audit.
15. Q Let me ask you another question, 2006 SCHEV approved Security University to operate in Virginia; correct?
16. A Yes.
17. Q SCHEV has no problem in 2007; right?
18. MR. MELIS: It's not clear. I'm not clear on the question, "SCHEV has no problem in 2007."
19. BY MR. SHANNON:
20. Q SCHEV had no issue with Security University between 2006 and 2011; correct?
23. A We did not conduct an audit until 2011.
24. Q Why is that? Why is it that for five years you left Security University alone and then after you became in charge of noncompliance --
25. A If I respond to that, it's -- you are going to say that's hearsay but there is a reason why her school was not audited prior to 2011 for the first time.
26. MR. MELIS: You can explain.
27. THE WITNESS: I can explain?
28. MR. MELIS: Well, the question is, why is it --
29. PAGE 251
30. Q Yes.
31. A So the 2011 had a follow-up audit report because she did not comply with that, so that is under Exhibit Number 16. So on that initial report we put it as an item of concern because we wanted her to create a compliant handbook or catalog. She did not, so that's when we followed up August, I mean, April 5th is behind Tab 16 in our documents.
32. Q Right, but your testimony was that in hindsight this was not an item of concern it should have been an item for noncompliance.
33. A It should have been an item of noncompliance when we wrote that initial one in 2011. What happened was, she did not comply. When she responded to that audit, she did not comply with it so it was -- on April 5, 2012 this is still talking about that audit report from 2011. As of April 5, 2012 she had not complied with that audit of 2011.
34. Q Right but it was never cited as an item of noncompliance.
35. A It was cited as an item of noncompliance in the follow-up audit because she had not complied with what
36. THE WITNESS: Okay, you have asked me and I'll explain.
37. MR. SHANNON: I'll move on.
38. THE WITNESS: In twenty --
39. THE HEARING OFFICER: Just a moment. Are you still asking that question?
40. MR. SHANNON: I asked a question. She answered it. I'm moving on. She said she could answer it but it would be hearsay. That's fine. I don't trust the veracity of what is going to be said so I would rather just move on. If he wants to ask it on cross-examination he is welcome to.
41. MR. MELIS: With all due respect, I don't know that comment -- this has been a respectful exchange throughout the day, but I don't know that comment about not trusting the veracity of a witness's statements are appropriate and I would ask that those comments not be made. There is no basis for saying that one witness or another is a liar or is not telling the truth.
42. THE HEARING OFFICER: I think that's an appropriate comment so why don't we move on, gentlemen.
43. MR. SHANNON: That's fine.
44. BY MR. SHANNON:
1. You have repeatedly talked about your responsibility to ensure student protection.
2. A Yes.
3. Q Out of the 23,000 students that have gone through Security University, name one student who has registered a complaint about anything that you are aware of to your agency.
4. A None.
5. Q You indicated that your normal protocol is to interview students when you conduct audits; is that correct?
6. A Yes.
7. Q Did you interview students at Security University in 2014?
8. A There was no class so we could not interview anybody. We spoke to a couple of students that were there but we do not count that as part of the report because unless we can self select the students we do not trust the veracity of students that are picked by the school.
9. Q Is there a reason why you couldn't come back?
10. A That would require another visit to Northern Virginia.
11. Q But you are aware of when the classes take

withdrawn within one year and a list of graduates within the last year. That is the standard.
1. Q I believe your testimony, tell me if I heard it incorrectly, is that the school doesn't know what records it will need and then you explain that if you gave them a heads-up --
2. A The school does not know which students we will be reviewing the records for because if we give them that list of students that we will be reviewing, those documents could be doctored.
3. Q Isn't it also fair to say that if it's one person at a private sector institution that is being audited by an agency and multiple people, it can be overwhelming if you don't give them a heads up of what documents they need to compile?
4. MR. MELIS: I'm going to raise an objection because I think the question mischaracterizes the testimony that Ms. Rosa-Casanova gave. My understanding was that S CHEV identifies what documents will be requested but not for which students.
5. For example, we want to take a look at transcripts but we're not going to tell you whose transcripts until we get there so have you should have place, they are in five day concentrated increments; correct?
6. A That is correct.
7. Q If your normal protocol is to interview students and you are taking the most extreme recommendation of shutting Security University down, do you think it's important you follow the normal protocol with a typical audit?
8. A Well, we don't always visit with students if the students are not available. If we cannot come back to that school, you know, within a reasonable period of time that will not be part of the audit.
9. Q I sensed a little bit of surprise and maybe I misread it but when Mr. Melis asked if you let Security University know ahead of time the records that would be needed, the particular records, you said no; is that right?
10. A Right. Excuse me. I'm sorry. The particular record for students. That's what he --
11. Q Yes.
12. A -- that was -- okay. So we asked for a list of students -- currently -- this is what we asked for: the currently enrolled students, a list of students that have your student files and when we say, okay, we want to see the transcripts for Joe Smith and Jane Doe and those documents would be provided. I don't think the testified that we don't tell them what documents we are going to be looking at.
13. MR. SHANNON: That's not how I understood it.
14. Q I could deal with it now or do you want to deal with it on redirect. I'm sorry, Mr. Smith.
15. THE HEARING OFFICER: That's my understanding of what the testimony was. Shes doesn't identify all the documents but just a category of documents; is that correct?
16. THE WITNESS: Yes. The category of documents that we are requesting and we send a list. Yes.
17. BY MR. SHANNON:
18. Q With regard to the refund policy which was the first issue that you discussed in response to Mr. Melis' question, you accept the notion that a full refund policy is compliant with S CHEV's interpretation of the regulations; right?
19. A Yes.
20. Q In the December 1st document that S CHEV provided -- bear with me for just a moment -- that would

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Excuse me.

BY MR. SHANNON:

Q Correct?

A Is this -- I'm sorry -- is this what came out of it? They, at the time -- like I said, they had one catalog that was for employees, students and contractors.

Q The regulation that you cited in the 2011 audit states the following, "Each school shall provide or make available to students, prospective students and other interested persons, a catalog, bulletin, brochure or electronic media containing the following information," and then you leave it there.

A Uh-huh.

Q Why couldn't you just tell Security University to create one document that is divided to segregate employees from students from contractors instead of requiring them to make these multiple documents that clearly is overwhelming to the point that the two documents referenced aren't even page numbered? Why wouldn't you just say, create one document, as opposed to tripling the work for a small business?

A Because they had one that was all intermingled so you couldn't determine what applied to students. It was noncompliant.

Q Does the regulation require you to make three separate books?

A It doesn't require them to, but again, employees and the contractor, like I said, I don't even know what a contractor is.

Q But does it strike you as plausible that if the student handbook is compliant but the other two documents that you told my client to make are not compliant and not numbered that it was an overwhelming requirement of SCHEV that doesn't directly flow from this regulation?

A Well, the three -- okay, if you look -- two -- okay, a student handbook is for students and a catalog, I am assuming, is also for students. Okay. So she has a student handbook and student -- and she has a catalog. Those, I think, could go for students. So I don't know, again, her -- I don't know what you -- I don't know what you --

Q If we provided you data on the nine individuals who received full refunds would that change your position at all that Security University should be shut down?
practicals, you can receive different credentials; correct?

A Yes.

Q Associated with that is a background check and a reference check?

A Yes.

Q If the documents you are referring to were cleaned up so that from SCHEV's perspective it was better understood that simply to get in you needed TCP/IP experience and twelve months of IT experience in the field and that was actually the process that every student needed to go through, you wouldn't have a concern about the admissions policy; correct?

A As long as it was presented to us because that's the actual part of it. So if, again, when we conduct an audit, that is information that is presented to us so we actually can verify it so it's not only because as I said before, the school creates its own admissions policy. We are just going to the school to verify that they are following their own admissions policy.

Q If Security University could provide that background documentation now for every one of their students would that satisfy SCHEV that there is not a violation of Item Number 2?

A No. Because at the time of audit the violation was there.

Q There is no going back. You are fixed in your way that they are not out of Virginia?

A Well, the thing is, at the time that the audit was conducted we requested the documents to ensure that the school was in compliance at the time. It was not in compliance at the time. I don't know what could be created to show me that they were in compliance. They weren't in compliance at that time. I don't understand.

Q What about currently the website requiring somebody to check a box saying they have TCP/IP experience?

A That is, again, that is self-certification.

They are telling her -- they are telling the school they have that. When we go to the school we need to have proof that they actually have -- that they meet that requirement.

When she told -- when I was told by Ms. Schneider during the audit, "Oh, no, that was a mistake. There are no requirements needed for any students coming to the school." I backed off because she was telling me there are no requirements.

Q This went on in the Informal Fact Finding conference as well; correct?

A Yes.

Q After a couple of minutes of Dr. DeFilippo asking questions it became clear that Ms. Schneider wasn't understanding the question because she said, "No, we do have admission requirements"; correct?

A Yes.

Q Is it possible that's what happened during the audit, she just got overwhelmed that you and Ms. Wright were asking her questions and she just didn't have a good performance that day? Is it possible?

A I don't know.

Q Isn't part of the reason why normal protocol is to interview students is so that you can ask questions such as this? Like, "What is your background?" "How did you get here?" "Did you provide a resume?" "Did you meet with Ms. Schneider?" "What is your TCP/IP understanding?"

A No. That is not what we ask during an audit.

Q You don't ask students of that?

A No, not those questions. Not at all.
Q You don't seek if they're qualified to --
A No. Those are not the questions.
Q With regard to Violation Number 3 where you
are alleging that Security University is not conforming to
training in the field. As I understand your position, and
correct me if I'm wrong, is that the National Security
Agency and the other agencies in the federal government,
we have testimony today that it's upwards of about twenty
different agencies that deal with CyberSecurity, that is
not the relevant field that you believe Security
University needs to teach to?
A That's not what I said.
Q It was interesting. When you were talking
about this, there are lots of different positions within
CyberSecurity; do you admit that?
A I really don't know. I really don't know.
Q You don't know CyberSecurity, do you?
A No, I don't.
Q And that's why you referred to a nurse by way
of example; right?
A Yes.
Q CyberSecurity is not your information domain,
right, that's not what you were trained to learn?

Q You've heard testimony today where experts
have said that's not the case at all, you disagree with
that position; correct?
MR. MELIS: For the record, I don't think
anyone has proffered or qualified as an expert.
THE HEARING OFFICER: That's correct. No one
was qualified.
BY MR. SHANNON:
Q You've heard two witnesses, one, a thirty-four
and a half year senior level management from the National
Security Agency say that the National Security Agency
actually does not want companies that teach for the test
to be the same as those issuing the credentials, you heard
that testimony; correct?
A You see, again, I'll be perfectly honest. I
didn't quite understand what that had to do with this. I
really did not quite understand that.
Q Well, your position is that if you don't have
a formal affiliation with an organization that issues
credentials you can't teach tests that are designed to
help people prepare to obtain the credentials.
A So that I can clearly explain that, okay, if
you are teaching a CISSP exam -- if you are teaching a
Security University v. State Council of Higher Edu. for VA

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Q. And that is your interpretation of the
regulation.
A. Yes.
Q. Has it ever been enforced against any other
entity besides Security University?
A. We never have had the occasion to do that.
Q. Have you ever seen a student complaint about
the issue? Have you ever seen a student complaint, “I
took a CISSP class at Security University. I thought that
meant I was going to pass the CISSP exam by issued by
another entity”; have you ever had a complaint like that?
A. No. As I said, we have never had any
complaints.
Q. With regard to the issue of graduate
certificate, the approximately 23,000 students that have
gone through Security University, do you have any example
of a student who has expressed confusion that they are not
getting a degree?
A. MELIS: I think we have established that
no student has complained about these issues.
THE HEARING OFFICER: Yes.
MR. SHANNON: About anything.
THE HEARING OFFICER: Yes. I think that's

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about graduate level training, that is a school that
offers education beyond the baccalaureate level and is
accredited.
Q. You are not citing any regulation for that
proposition though, are you?
A. No. I am not.
Q. It is a reflection of a favoritism of
traditional degree granting institutions when they are
granting degrees over non-degree conferring institutions;

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is that correct?
A. I guess. Again, I'm not quite understanding
the question.
Q. You are not citing a regulation for the
proposition that non-degree conferring institutions cannot
use the terminology graduate or masters; correct?
A. Yes. Yes.
Q. But your position states a favoritism towards
degree conferring institutions over non-degree conferring
institutions; correct?
A. To use that terminology.
Q. To use that terminology?
A. Yes.
Q. Even with degree conferring institutions such

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been addressed.

BY MR. SHANNON:

Q. Would you acknowledge the type of student who
attends Security University based on the demographics is
more sophisticated, the demographics and the professional
background would be more sophisticated than the average
student?
A. I have no proof of that. I have never seen a
student record. I have no proof. I don't know. I'm
assuming yes but I've never seen a student record that
gives me the background of the student.
Q. Does the fact that the University of Virginia
offers non-degree certificates and uses the term graduate,
does that give you any sense that it may be permissible to
use that term associated with certificates and not just
degrees?
A. We do not regulate the University of Virginia
under this regulation. I can only go -- I -- no.
Q. The term graduate and master is prevalent in
the education field when certificates are issued; would
you agree with that?
A. It has been my understanding that when masters
and graduate certificates are being used, you are talking

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as the University of Virginia or the University of Richmond, both of whom use similar terminology for non-degree certificates, your position is we can't regulate them so whatever they do is their business; is that correct?

A. Well —

MR. MELIS: Answer it as best you can.

THE WITNESS: Okay. I'm sorry. I'm sorry.

Tell me again so I can know how to answer it.

BY MR. SHANNON:

Q. You are citing no regulation for the proposition that a non-degree conferring institution cannot use the term graduate or mastery; correct?

A. Or master.

Q. Or master; correct?

A. Yes. Yes.

Q. I will leave it at that.

With regard to the brochure that had the icon that said, "no classroom needed," we've already established and I don't want to belabor it that no student has ever expressed surprise that they can't do distance learning?

A. Uh-huh. Yes. Yes.

A. Yes. Again, because I do not know where the information is coming from. Again, when we conduct an audit we are there. It is at that time -- it is very difficult to know where the information is coming from at this juncture. It's a long time. It's been almost a year since that audit occurred.

Q. Would it have provided comfort to SCHEV if this disclosure about the 98 percent pass rate had indicated that, for most of the tests, you are dealing with 100 percent of the test takers but for one particular test which is the CISSP the information was based on participants who responded to a survey or participants who self-reported; would that sort of disclosure have resolved the issue?

A. It's — okay. And I will explain to you because we have conducted audits at other institutions that actually do this kind of thing, that they have these exams and we have always been told that it is self-reported because they don't have to get those results but the percentage on those self-reporting is based on self-reporting. So again, we don't know the significance of that number what is coming back. We don't know that.

Q. You would not challenge the assertion that Security University has taken that icon down but do you give Security University any credit because throughout the brochure, "hands-on instruction" is clearly the emphasis of the training. Do you give them any credit that it may have been inadvertent and not a deliberate attempt to make people think that they —

A. Yes.

Q. -- can pay money to engage in distance learning?

A. Yes. Absolutely.

Q. That it was inadvertent?

A. Yes.

Q. And that it was not a repeated pattern?

A. I would say for that, yes.

Q. With regard to the 98 percent pass rate, you indicated that you didn't recall asking for any documentation of the audit to verify that?

A. To be honest, I really don't recall that particular part of the audit.

Q. Would it provide SCHEV any comfort if we provide SCHEV with the data that was provided to ACCET from 2013 and 2014 with regard to performance results on the exams, CISSP in particular, or is it too late?
MR. SHANNON: Yes. That's not why I'm doing it. What I am trying to do is take your objection into account and present it in a different way the AG's office wouldn't interpret those maybe as aggressive as my cross-examination earlier. That's why I'm asking this way; is that okay with you?

MR. MELIS: I think so. Can we go off the record real quick?

THE HEARING OFFICER: Sure.

(Discussion, off the record.)

(Break.)

THE HEARING OFFICER: Are you ready?

MR. SHANNON: Sure.

BY MR. SHANNON:

Q With regard to the issue of the use of the terminology "credits," if a credentialing body requires in order for an individual to maintain his or her credential that they complete a certain number of continuing education in hours each year, why is it improper if an organization that provides that service defines the service they provide in the form of a certain number of credit hours?

A Because credit hours is defined specifically.

Carnegie unit and that is not recognized in vocational training. This describes the Carnegie unit which is different. So credit is different. And yes, a continuing education unit is different.

Q Where does it say in the regs that Security University can't use the term credit when it's recognized by a credentialing agency.

A I didn't say credit. When you asked me the question you said credit hour.

Q Is your issue that they are using the term, I believe they are using the term credit but what is your issue with --

A No, no. When you asked me the question.

Q I understand. Not, you -- on behalf of SCHEV, what is SCHEV's concern with the use of the word credit associated with a number of class hours provided?

A Well, you have pointed out that in our regulation it does not specify that the word credit is only used by institutions of higher education. You have pointed that out and I understand that, yes. I'm in agreement with you in other words, yes.

Q Let me move on then. With regard to one issue that SCHEV, in the brief, has referred to misleading terms in the regulations.

A The regulations define --

Q Under 8 VAC 40-31-10, credit means the quantitative measurement assigned to a course generally stated in semester hours, quarter hours or clock hours or the recognition awarded upon successful completion of course work.

A But you just said credit hour and that's different.

Q Credit hours means, a unit by which a school may measure its course work. The number of credit hours assigned to a traditionally delivered course is usually defined by a combination of the number of hours per week in class and the number of hours per week in a laboratory and/or the number of hours devoted to externship multiplied by the number of hours in the item, and it goes on to define it.

Why can't an organization that provides credit hours so that somebody can maintain their credential use the term credit?

A Again, I'm not saying credit. You specifically said credit hour which credit hour is a and I believe it has to do with the credentials Q, backslash, and then ISP or Q, backslash and then something else.

Does the fact that Security University as of 2005 has trademark protection over those names? Does that provide any sort of rethinking of your position that the terminology of these credentials are misleading?

A Well, we have never had a contention with any of those Q things. Those are her -- those are created by her. Again, she has that documentation, those certifications for those Q courses.

Q Like Qualified Ethical Hacker.

A Yes. Exactly. We have absolutely -- that is her training, her standards. We have never indicated a problem with those.

Q So the fact that another organization may have, just for the sake of argument, Certified Ethical Hacker, but Security University has trademarked the term Qualified Ethical Hacker, SCHEV doesn't have an issue with that terminology?

A With her specific terminology for her pro -- for her credits -- for her programs that she created, no. Absolutely not.
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1 Q When the EC Council brought to the attention
2 of SCHEV what the EC Council purported to be instances of
3 a Security University student contacting them to become a
4 Certified Ethical Hacker, was there any follow-up on
5 SCHEV's part to try to identify that student or students?
6 A No. Because we would have no ability to
7 request information on somebody that is not -- you know,
8 we got that information from EC Council and whether they
9 provided that information, we can't ask them. Do you
10 understand?
11 I mean, we have the authority to ask for
12 records when it's a particular school but otherwise you
13 have the FERPA laws that come into play so we can see the
14 records for our schools when we go to audit but we are not
15 authorized to ask for names and information other than in
16 that case.
17 Q Would you acknowledge that it seems a little
18 self-serving on EC Council's part to try to say that their
19 competitor is engaging in a practice that is misleading to
20 the regulatory agency that oversees Security University
21 but they don't provide you any information about the
22 student's name?
23 A Well, again, I did not have the authority to

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1 ask for that student name either.
2 Q And they didn't volunteer it.
3 A No.
4 Q But did they say student or students?
5 A A student. They said a student.
6 Q The copies of the academic transcripts that
7 Mr. Mels showed you during his questioning, those types
8 of academic transcripts, at least the format, that meets
9 SCHEV's standards; right?
10 A Yes, it does.
11 Q The academic transcript is a minimal
12 requirement for the records kept; right?
13 A Yes.
14 Q But if Security University actually keeps
15 those permanently on a Cloud they would be in compliance
16 with the regulation?
17 A I will be totally honest with you. I do not
18 understand what the "Cloud" means.
19 Q I think we speak the same language. So an
20 offsite server, if they keep that data on an offsite
21 server as opposed to on my laptop or Mr. Mels' laptop, so
22 permanently preserved on a server not located physically
23 there.

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1 A Yes, as long as they maintain transcripts
2 however. Like I said, it could be electronic. They can
3 maintain electronic transcripts. When we conduct an audit
4 at a school that only has electronic transcripts we sit
5 with them, we give them the list and one by one they can
6 produce that transcript and that meets the requirement.
7 That is not an issue at all.
8 Q Going to Exhibit Number 12 of Security
9 University's exhibits, I just want to underscore a point.
10 You had mentioned a date at the bottom of Page 1 being
11 November 28, 2014; correct?
12 A Uh-huh.
13 Q But the transcript itself for this particular
14 student dates back to a class that the student took in
15 December of 2010 and August of 2014?
16 A Yes.
17 Q So long as every student that has ever gone
18 through Security University has their data backed up onto
19 an offsite server --
20 A In this format.
21 Q -- that the techies call a Cloud --
22 A Yes.
23 Q -- they would be in conformity?
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<td>1 classes in the context of unlimited classes being offered,</td>
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<td>2 as I understand it, you are not challenging that the</td>
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<td>3 actual classes instructed at Security University lack</td>
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<td>4 academic merit; that's not your position.</td>
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<td>5 A No.</td>
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<td>6 Q In fact, the classes offered seem to be</td>
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<td>7 objectively highly sophisticated and thought out; is that</td>
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<td>8 a fair statement?</td>
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<td>9 A Yes.</td>
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<td>10 Q The issue, as I understand it, is if you tell</td>
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<td>11 a student or really if you tell a company, one of your</td>
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<td>12 employees could take an unlimited number of classes, if</td>
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<td>13 the school closes down you would express concern how does</td>
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<td>14 the State provide a refund to this student?</td>
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<td>15 A Now, we're not talking corporate. We are</td>
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<td>16 talking about individuals.</td>
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<td>17 Q You would not have a concern if a company were</td>
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<td>18 the one to do the unlimited classes?</td>
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<td>19 A If a company decides that they want to pay</td>
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<td>20 $11,000 and have a student go through X number, that is</td>
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<td>21 not an issue with us. It's on an individual basis.</td>
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<td>22 Q If there have only been two takers of this</td>
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<td>23 unlimited classes which is now twenty-three classes over a</td>
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<td>1 twenty-four month period and both of them have been</td>
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<td>2 companies, the issue really is in the documentation, SCHEV</td>
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<td>3 would need to make clear that this is for corporations --</td>
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<td>4 MS. SCHNEIDER: Security University.</td>
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<td>5 MR. SHANNON: Please do not speak.</td>
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<td>6 BY MR. SHANNON:</td>
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<td>7 Q -- this is for corporations not individual</td>
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<td>8 consumers; is that correct?</td>
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<td>9 A Yes. And it would have to be, again,</td>
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<td>10 something like this (indicating) which advertises. We</td>
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<td>11 assume that students get this. Right? Students that are</td>
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<td>12 going to register so if it's going to be placed like in a</td>
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<td>13 catalog and it specifically says &quot;this is only available</td>
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<td>14 for corporate training,&quot; that's fine.</td>
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<td>15 Q But you understand, having been exposed to</td>
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<td>16 Security University at least since 2011 that this is not</td>
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<td>17 the model for, for example, a nursing school where</td>
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<td>18 somebody might have the credentials, get the Stafford</td>
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<td>19 loan, pay the money and then they are personally are on</td>
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<td>20 the hook for it.</td>
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<td>21 It's either companies or the workforce</td>
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<td>22 training center paying for it or the Department of Labor</td>
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<td>23 paying for the education. So it's not an individual</td>
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<tr>
<td>1 consumer purchasing the $11,000 unlimited classes, you</td>
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<td>2 understand that; right?</td>
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<td>3 A Yes. And again, one of the things that we</td>
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<td>4 also examine when we are conducting an audit is we examine</td>
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<td>5 student financial records because that is, you know,</td>
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<td>6 something else that we look at. So that could clearly be</td>
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<td>7 stated on that financial record that was paid by an</td>
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<td>8 outside agency.</td>
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<td>9 Q This the last time I will ask a question like</td>
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<td>10 this but it's got relevance. SCHEV is not aware of a</td>
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<td>11 single instance where a student in an individual capacity</td>
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<td>12 has defaulted on a loan associated with Security</td>
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<td>13 University, correct?</td>
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<td>14 A Correct. Correct.</td>
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<td>15 Q With regard to the terminology university, you</td>
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<td>16 indicated that using the term university alone is</td>
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<td>17 permissible, is okay; is that right?</td>
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<td>18 MR. MELIS: Do you mind if I clarify?</td>
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<td>19 MR. SHANNON: Please.</td>
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<td>20 MR. MELIS: I think what SACHEV is trying to</td>
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<td>21 address there is that Security University has accurately</td>
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<td>22 pointed out that SACHEV approved or allowed Security</td>
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<td>23 University to use the word university. That probably was</td>
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<tr>
<td>1 not a correct application of the Virginia Administrative</td>
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<td>2 Code and SACHEV acknowledges that.</td>
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<td>3 So yes, the use of the term university by</td>
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<td>4 Security University is probably not in compliance with the</td>
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<td>5 code. But SACHEV recognizes that it allowed Security</td>
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<td>6 University to use that name. SACHEV's issue now is that</td>
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<td>7 the use of that name in combination with some of the other</td>
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<td>8 terms that Security University is using may mislead people</td>
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<td>9 into thinking that it is a degree granting institution.</td>
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<td>10 Does that fairly sum up what our position is?</td>
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<td>11 THE WITNESS: Yes. Yes.</td>
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<td>12 MR. SHANNON: If they use the term Security</td>
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<td>13 University but did not use the term graduate, master or</td>
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<td>14 credit associated with anything, the position of SACHEV is</td>
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<td>15 that they don't have a problem with using the term</td>
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<td>16 university going forward?</td>
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<td>17 MR. MELIS: I guess we would have to think</td>
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<td>18 about that because that's not the situation we are in now.</td>
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<td>19 I think the position that SACHEV is taking with regard to</td>
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<td>20 the current situation is an acknowledgment that, yes,</td>
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<td>21 Security University was allowed to use the word university</td>
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<td>22 but that probably should not have occurred.</td>
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<td>23 But I mean, what's done is done and the issue</td>
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now is -- let's put it this way, if the other words weren't there I don't know whether SCHEV would have cited Security University for it and suppose that's a question you could ask. I don't know whether SCHEV would have cited Security University for the use of the term university if it wasn't for the other words that were being used.

MR. SHANNON: Okay. I'll ask it a different way.

BY MR. SHANNON:

Q During the Informal Fact Finding and this would be Exhibit 5 of the Security University binder, Dr. DeFilippo is speaking and here is what he says, "Here's the thing -- "

MELI: I'm sorry. Could you give us a page?

MR. SHANNON: Page 45.

BY MR. SHANNON:

Q He says, "Here's the -- and I understand that there was an issue with regard to the transcript but I think the basic idea is here. "Here's the idea which is some of the sticky issue. I forget when exactly you were first certified in Virginia. But whoever did it screwed up. Because you're not supposed to be able to use the name University. You are the only school in your category, I think, that has actually gotten slipped through the net. It was really a staff oversight. That was a staff oversight. University in a name for a non-degree graduate school is not appropriate. In fact, in order for you and your university, you don't even have to have some graduate degree program."

Dr. DeFilippo, who I understand in the SCHEV hierarchy is fairly high up; right?

A Uh-huh.

Q He does have a problem with Security University using the terminology university regardless of whether it's permissible to use credit according to the regs --

A Yes.

Q -- or graduate or mastery; is that correct?

A Yes.

Q Is it fair to say that when evaluating the merits of whether Security University can do anything to stay in business in Virginia they shouldn't be penalized for using Security University as a name when in 2006 SCHEV said it was permissible for them to do that?

A Yes.

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THE WITNESS: With regard to the notion that there has been a series of repeat violations it's correct, is it not, that the only repeat violation has to do with the tuition refund policy as stated in two unnumbered paper documents that you obtained at the 2014 audit and, according to SCHEV's position, the web page as of December 1st, there are no other repeat violations; is that correct?

A I have to look at the report. I'm sorry.

Q Don't be sorry. I've asked you a lot of questions.

A Yes. That was the only item that was cited as a repeat violation. That is correct.

Q I just want to ask you, you had said before that there is a distinction in the code between a student applicant and a student?

A Yes, there is.

Q Where is that? I'm just not familiar with it.

A It's in the refund policy section which is 160(N). This tells you, this is actually the whole refund policy as it's supposed to be met and that's Page 29 of our thing but I think that is --

THE HEARING OFFICER: Just for the record,
somewhere and I only have two pages of a web page that speaks to students getting the same benefit as the student applicant.

A Right, and there is nothing on the web page because that whole thing that has to do with -- I'm sorry, I forgot what --

MR. MELIS: Exhibit 12, SCHEV Exhibit 12.
BY MR. SHANNON:
Q Exhibit 12.
A So on Page 2, okay, the refund policy begins on Page 1 on the very bottom it says, "Refunds, cancellations and rescheduling policy" so that whole thing that is bracketed is the whole refund policy as it appears on the website. It doesn't address at all a student, it only talks about a student applicant.
Q What about the second paragraph, Security University will submit refunds to students who have terminated their status as students?
A It doesn't tell me what they're going to refund. We have a clear refund policy. That does not say -- it's not talking about --
Q You don't think it speaks to 100 percent?
A No, it doesn't. The first sentence speaks only about student applicants and the second one says that it's going to submit refunds to students but it doesn't tell me what it's going to submit. It doesn't clearly say that.
Q You think it would need to say 100 percent again?
A If they are going to refund students 100 percent, that means a student that attends one day of a class, two days of a class, three days of a class; is that what Security University is saying?
Q Well, don't you think it would say a partial refund?
A I don't know.
Q Isn't a refund when you give somebody the money back and a partial refund is you give them part of their money back?
A Yes, but I don't understand what the refund policy is. Again, our refund policy clearly states that a student applicant is different than a student. A student applicant is entitled to his money if he has not attended the class. He is entitled to everything less $100. But a student is entitled to a portion if he does not complete the class.

Q If the policy was, if you are a student applicant you get 100 percent refund and if you are a student you get the same refund within forty-five days though after receipt of the request or the date the student last attended the class whichever is sooner? If it was clarified that it was 100 percent would --
A Well, you know, I would ask the school is it in their best interest to offer 100 percent refund if the student attended three days of the class.
Q That might be a bad business decision but --
A Exactly.
Q -- but it would be permissible.
A It would be permissible if the school wants to do that but it's not something we would want the school to do especially if they're going to lose money on that.
That's why we clearly state what the guideline is for partial attendance.
Q I've asked you a lot of questions, Mr. Rosa-
Casanova. I don't have anymore questions.
MR. MELIS: I might have some follow-up.
REDIRECT EXAMINATION
BY MR. MELIS:
Q If you could go back to Security University's Exhibit 21 which is the e-mail that Mr. Shannon asked you about earlier in your cross-examination.
A Uh-huh.
Q Can you explain why you determined that it was a lack of communication between the parties that resulted in the issue discussed in this e-mail?
A Yes.
Q Every school is required to recertify every year. The process now is online. It is and it has been for some years. When the school enters the system all the offerings, all the programs that are available at that time that we have on our database, it feeds directly from our database, are on there.
If there are any discrepancies at the time of recertification the school will notify SCHEV that there is a discrepancy. If indeed we had lost all those classes at the time of switching over from paper to online, when the school recertifies they will see that they don't have all the listed programs and they will notify us that we have dropped, misplaced the programs. Every year they have to recertify and every year they see their classes and if they don't see them there they can question SCHEV.
Q What appeared to be the disappearance of the
classes when SCHEV went online is what you attribute to
SCHEV's part in this misunderstanding; is that correct?
A Yes.
Q The school's process of recertifying every
year and doing that recertification looking at what
classes are being approved by SCHEV the apparent lack of
notification to SCHEV regarding, "Hey, I'm recertifying
and there are some classes dropped here," is what you
attribute to the lack of communication on the
institution's part?
A Right. So if they were dropped in 2008 that
means that 2008 certification, 2009 certification, 2010
certification, 2011 certification would have all been
wrong.
Q As was pointed out, you did, in fact, copy Mr.
McClellan at the Virginia Department of Veterans Services
on this e-mail; correct?
A Yes.
Q And so he understood that part of the problem
there was SCHEV losing those courses; correct?
A Yes.
Q You didn't try to hide that from him in any
way --

students?
A Yes.
Q This issue that's being discussed in this
letter of August 2, 2013 is not an issue that you were
c-mailing Ms. Sondra Schneider about in your e-mail in
Exhibit 21?
A No. I was not.
Q Regarding your interview of students at
Security University, can you think of a scenario where an
interview of students at Security University would have
changed the findings and your recommendation in your
Report of Audit?
A No.
Q What types of questions do you typically ask
students?
A The first thing that we do is, we provide a
survey for them and basically the survey is to request
information from them whether they were advised of the
requirements of the Virginia Administrative Code which
says that they have to be notified of the refund policy,
that they have to have a grievance policy.
So the survey asks if they were advised at the
time of enrollment of their student rights. So that's the

biggest part of it and then we do ask questions about the
qualify of education.
Q Those are all of the questions I have.
MR. SHANNON: I have -- do I get one more
within the scope?
THE HEARING OFFICER: Okay.
RECROSS EXAMINATION
BY MR. SHANNON:
Q Going back to Exhibit 21, that was the e-mail
from you to Ms. Schneider copying Mr. McClellan and Annie
Walker at the Department of Veterans Services and then Joe
DeFilippo over at SCHEV.
Just to be clear in what you have identified
as the first paragraph, Security University did submit a
listing of all the programs for recertification in 2009,
2010 and 2011; correct?
A Yes, but --
Q It got dropped in 2008 and then it put up the
classes in 2009, 10 and 11, but then for whatever reason
there was a disconnect where the Department of Veterans
Services was still saying part of the overpayment issue is
that you are educating unemployed veterans in classes that
SCHEV has not approved; that's why he's being copied on
MR. MELIS: I'm going to start off with the second question, which is, um, the, um, the issue of the, um, SCHEV approved classes.

A. Right. He didn't see them on the SCHEV website so, yes, that's why. This clarified that, yes.

Q. Right, and then after you put that on the record that got scrubbed out and then we were down to a letter, non-appealable letter, with five instances of individuals whom he believed had been overpaid, one of whom got overpaid because his interpretation was based on the VRAP money you could only get paid for five days of class rather than the full class value as you would do with degree conferring institutions or do you not know about that?

A. No, no. I don't know.

Q. But you know that Ms. Schneider was saying that...

MR. MELIS: That's fine.

Whereupon

JOSEPHINE WRIGHT

a witness, was called for examination by counsel on behalf of SCHEV, and after having been duly sworn by the Hearing Officer, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MELIS:

Q. Good evening, Ms. Wright. Would you state your name for the record, please.

A. Yes, Josephine Wright.

Q. What is your current occupation?

A. Compliance investigator.

Q. Where are you a compliance investigator?

A. With the State Council of Higher Education for Virginia in the POPE unit.

Q. How long have you been in that position?

A. I've been in that position ever since January of 2010.

Q. Were you with SCHEV prior to 2010?

A. Yes, I was the compliance specialist from April 2006.

Q. In your current position at SCHEV is it part of your responsibility to conduct audits of post-secondary institutions to ensure that they comply with the Virginia Administrative Code?

A. Yes.

Q. Just a rough estimate, how many audits do you believe that you have participated in?

A. Probably about 170 plus.

Q. You feel comfortable that you have a fair understating of how audits would typically go when auditing a post-secondary institution?

A. Yes.

Q. You were the other individual who was with Ms. Rosa-Casanova during the 2014 audit; is that correct?

A. Correct.

Q. You were there for both days, January 30th and 31st?

A. Yes.

Q. I want to ask you though about two exhibits:

Exhibit 16 of -- I'm sorry Exhibit 13 of SCHEV's exhibit binder and Exhibit 16 of SCHEV's exhibit binder. Starting with Exhibit 13, there is a cover letter and that is your signature on the cover letter; is that correct?
A Correct.

Q That is forwarding the Report of Audit of September 27, 2011; correct?
A Yes.
Q The two findings in the Report of Audit are one, having to do with the noncompliant refund policy; is that correct?
A Yes.
Q The other is an item of concern involving the school catalog; correct?
A Correct.
Q We've discussed the refund policy in detail but I will ask you very quickly, is it your understanding that even after these 2011, 2012 Reports of Audit when you conducted the audit in 2014, the refund policy was still noncompliant?
A Correct.
Q As to the other finding, the issue with regard to the catalog, can you explain what the problem was with the catalog in the 2011 audit?
A Yes. The catalog, it was one catalog but the catalog contained information for students, for contractors and for employees. It was written in such a way that it was written in the second person so the word "you" was used a lot and it didn't distinguish what audience it was directing the information to. So it was a combination of a lot of information and not just for students like we would require.
Q Did you prepare the Report of Audit dated September 27, 2011?
A Yes, I did.
Q Why is it a problem that the catalog combined multiple categories of folks that it was addressed to?
A You said why?
Q Yes. Why is it a problem?
A Why is it a problem? Because it's not clearly understood which audience it's pertaining to.
Q In 2012 and I'm now referring to Exhibit 16, you forwarded another letter to Security University with a follow-up Report of Audit, is that correct?
A Correct.
Q In the follow-up Report of Audit now there are various additional findings that were not specifically included in the initial 2011 Report of Audit, is that right?
A Yes.
A Correct.

Q Again, that's notwithstanding the efforts that you made to assist Security University in bringing them into compliance; correct?

A Correct.

Q I won't ask you about the 2014 violations we've -- I promise you that's been covered extensively.

A Okay.

Q Your role in 2011 and 2012 included, from SCHEV's perspective, assisting Security University and trying to bring them into compliance; correct?

A Correct.

Q Those are all the questions I have. Actually, can I follow-up on one more. As part of your efforts, did you ever direct Security University that they must have multiple catalogs for multiple constituents?

A It was a recommendation. Our concern was that we needed a student catalog. That was our angle.

Q Exclusively devoted to students?

A Yes.

Q The purpose of that, so it's very clear, is that these are the policies that apply specifically to students?

contractors teaching at Security University but in terms of the full-time staff, do you recall whether there was anyone else besides Ms Schneider there?

A I can't recall.

Q It would have conformed with the regulation to simply require an organized book that was segregated so that one part of it addressed student issues and one part addressed employee issues and one part addressed contractor issues, that would have conformed with the regulation; correct?

A If it was written in that manner.

Q Yes. The substance would still need to be right but it's not required that you create three separate books or documents. You could have it as just one document segregated by audience; correct?

A Yes, you could have.

Q Instead, the recommendation was made for multiple books and going back to the 2014 audit it wasn't that every one of these documents had the incorrect tuition refund policy; correct? Let me ask another.

The student catalog had the correct policy, excuse me, the student handbook had the correct policy but the student catalog and the staff handbook did not have the correct policy; is that correct?

A Let me check.

Q Okay.

A We are speaking in regards to the 2014 audit?

Q Yes.

A Yes. I think it's on Page 2 right.

Q If it was all put in one book and one part was for the students, the tuition refund policy theoretically could have just been written one time in that section, correct, instead of for contractors or for employees as well?

A Well, we're not concerned about contractors or employees and typically you don't find a school that has one document that contains all of those different types of subject matters.

Q I'd just like to take note that the student handbook presented at the 2014 audit which is Exhibit Number 3 of the Security University binder is the only one of the three documents that is actually paginated, has numbers, and that's the one with the correct policy.

Is it possible by SCHEV strongly suggesting three separate documents, that the document that was being designed for students was the one that was the focus and
the other two might have been an oversight because a
person got overwhelmed; is it possible?
A Anything is possible. We are human.
Q Yeah, me too. But there is no proof that any
student has ever been denied a refund; correct?
A Well, we can't determine that because we have
never been given anything to show that a student requested
a refund and was denied. We haven't been given those
documents.
Q Or presented with a complaint.
A Correct.
Q That is the only issue that occurred from 2011
until 2013; correct?
A No.
Q In the audit.
A Well, the catalog was never satisfied. Let me
just refresh my memory. And I do believe some of the
issues that I might have pointed out when I did my follow-
up was not satisfied.
Q In the 2014 audit, the only issue with the
exception of the mistake that I made in the brief, the
only issue that the government raises as a repeat
violation is not having the correct tuition policy stated
file your own recommendation of the facts?
MR. SHANNON: We may do that. I will confer
with my client and I would also like to confer with Mr.
MELIS before we make a decision with regard to that.
THE HEARING OFFICER: You don't have to decide
that today.
MR. MELIS: I think we can talk about that.
Logistically speaking, we probably would want the
transcript.
THE HEARING OFFICER: I understand.
MR. MELIS: But we can talk about that.
THE HEARING OFFICER: And just let me know
which way you want to go.
MR. MELIS: Sure.
THE HEARING OFFICER: So you would like to
make a closing?
MR. SHANNON: Yes.
THE HEARING OFFICER: Mr. Melis, would you
like to make a closing or do you want to wait until --
MR. MELIS: I will decide how to respond once
I've heard Security University's closing.
THE HEARING OFFICER: I understand.
MR. SHANNON: Security University has educated
approximately 23,000 students over approximately a fifteen
year period. The students who attend Security University
are in a highly specialized field that is a high demand
field as well. In other words, there is not a saturation
in the labor force so people can't find jobs.
There is a shortage of the talented pool of
workers needed in the field of CyberSecurity both within
the government agencies, the businesses that interact with
the government and then in the private sector in Northern
Virginia as well.
Security University is part of the solution to
that outstanding demand and the Labor and Commerce side of
government, both at the state level and at the local level
seem to recognize that -- excuse me, the federal level and
the state level.
With regard to the federal level, the
Department of Labor has given a multimillion dollar grant
to Security University specifically so that they can
provide funding to people who are in the IT field who have
the TCP/IP training but who need further credentials in
order to get employed or to advance.
At the state level and also at the local level
it's the workforce training centers which have Security
disproportionate.

Students who enroll in Security University have to have the TCP/IP understanding and the IT experience. That's sort of the functional equivalent to, you know, getting into a law school versus us making law review.

In order to get into the school there is one set of metrics but in order to be recognized in the top echelon which are the Qualified, slash, insert the acronym, there are a number of other steps you need to go through. You need to pass a certain number of exams, a certain number of practicals, you need to have a background check.

Perhaps in these documents it could have been made more clear that these are the requirements to get in but if you want to obtain a credential that is something separate. But again, that doesn't go to a student being defrauded or a student coming out and saying, "I didn't understand that. I thought I was going to get my credential once I was admitted."

That is not -- there is no evidence of that. The only issue that repeats itself from 2011 to 2014 is the tuition refund policy. We have proof of nine students or a Master of Science degree or that people who are yearning for hands-on instruction so they can learn highly sophisticated computer technology skills would somehow want to take the class remotely. That would be overwhelming. The hands-on instruction is the brand that Security University tries to provide.

There is no indication that anyone has ever been denied a refund but what the evidence seems to have shown is that in 2006 to 2011 SCHEV took no issue with Security University but an audit took place where a staff of one with a lot of ICs but focusing on the academic side of the instruction was told to create at least three documents when there was one.

That created all sorts of problems for somebody who is very gifted from a CyberSecurity perspective but perhaps there needed to be sort of a nuts and bolts non-technical dealing with editorial and compliance related issues.

That may be a partial solution to this issue but the notion of shutting down Security University when there is no indication that a student has ever been hurt, when the goal of SCHEV is to make sure students aren't getting hurt seems to me, respectfully, to be
are people who know what they are getting into as opposed to the twenty-three year old who takes out more Stafford loans and finds themself unemployed at age twenty-five. There is no evidence that, that's the model. So I would respectfully suggest that to the extent there is any sort of outcome that would be adverse to Security University, I just think the notion of shutting them down not only is disproportionate but is not in the interest of Virginia's workforce needs.

THE HEARING OFFICER: Okay. Thank you.

MR. MELIS: I will respond briefly. I think it's important to note off the bat that at its core, the analysis in this case really is pretty simple; it's on each of these numbered findings. Has Security University complied with the regulation that's identified by SCHEV in its 2014 Report of Audit. That's why we made it Exhibit Number 1 and it's probably the key piece of documentation in this case because it sets forth exactly regulation by regulation the findings that the auditors made during the audit and establishes that Security University is not compliant for the reasons set forth within that audit.

That is ultimately what you as the Hearing Officer will be looking at and making a determination as to whether those regulations have been complied with or not based on the evidence that was presented to you today and the submissions of the parties. In doing so, I think there are two legal points that are critical to keep in mind. First, the burden is on Security University to establish that it is in compliance and if Security University has not met that burden then the analysis is over at that point.

I would submit that Security University has not met the burden of establishing their compliance with the regulations based on the entirety of the evidence that has been presented today. The second key legal point that needs to be made is that wherever there is a question regarding the interpretation of a regulation it's horizon law in Virginia that an agency's interpretation of its own regulations in an area that an agency has been entrusted to regulate the General Assembly, those interpretations are entitled to deference and that's horizon law in Virginia regarding regulatory work.

So in this case where there are situations where it's been pointed out by Security University that while the regulation doesn't specifically say that but SCHEV offers an interpretation and explains why it's applying a particular interpretation to a regulation, then SCHEV is entitled to deference because the General Assembly has given statutory authority and duties to SCHEV to regulate post-secondary institutions.

So this is an area that the two witnesses that testified on behalf of SCHEV today are for purposes of the General Assembly. This is an area that they have the authority to interpret with regard to the application of Virginia regulations and we would ask that the Hearing Officer keep in mind in reviewing the materials in determining whether SCHEV's interpretation should apply.

I will address a few points from Security University's closing. There has been discussion about the demand for CyberSecurity in Virginia. I would submit that the demand for CyberSecurity training in Virginia and in the country is really not a factor in determining whether Security University complied with Virginia regulation or not. It goes back to my first point. It really is that simple of an analysis. And in determining whether Security...
from being disseminated.

The closest analogy I could give is if it's an
OSHA violation to not have a particular guardrail on a
ledge, for example, or if an OSHA violation to not
have a particular guard on a machine, it wouldn't make
sense for the person who is being regulated by OSHA to
say, yeah, but no one has fallen off that guardrail so,
you know, I'm not in violation.

Or no one has gotten their hand caught in that
machine without a guard so I'm not in violation. It's
still a violation regardless of whether someone has
complained about it or gotten hurt by it or not.

The same thing applies here. It doesn't
matter if someone has not actually been hurt by the refund
policy which I would submit the evidence shows that we can
never really know that because someone could have read an
incorrect refund policy and just assumed that they weren't
titled to a refund.

But setting that aside for a moment, as an
example whether or not the school has any complaints from
someone regarding the refund policy or any other policy
that they may have, really is of no moment in determining
whether the school is compliant or not.

ultimate recommendation that SCHEV is asking for here that
Security University lose its certification, in the
submission on behalf of SCHEV as well as during the
testimony today, SCHEV's position is that there has been a
pattern of noncompliance and I understand that the refund
policy is the one specific point from the initial 2011
audit that runs all the way to 2014 and we would argue all
the way to today.

I understand that's the one specific point
that runs all throughout but the fact remains that
multiple violations have existed since 2011. Even though
one might get corrected then others pop up and that's a
pattern that you see specific to SCHEV.

In addition to that pattern specific to SCHEV
you have a broader pattern involving other agencies and
the accrediting agency, for example, the Department of
Veterans Services is another example. SCHEV has seen a
pattern of an inability to comply with appropriate
regulations.

I understand the service that Security
University provides to the community in terms of training
and what not but that does not mean that Security
University's documentation, for example, doesn't need to

At the end of the day regardless of what
complaints have been offered the issue comes down to does
the school comply with the regulation and from the
perspective of the auditors has the school provided
documentation that establishes that it is compliant with
the regulation.

In the evidence today it has been well
established that multiple types of documentation that
either were requested or could have been provided to
establish compliance were never provided, certainly not
during the audit.

Some of them still haven't been provided.
Some of them were provided during the course of these
proceedings themselves over a year after the audit. These
folks have done hundreds and hundreds of audits. By these
folks, I mean the two auditors who testified today on behalf
of SCHEV. They have done hundreds of audits.

They know what to expect during an audit.
They know what materials are typically produced during an
audit and they've made note of that in their testimony
today and in developing the Report of Audit which
identified the problems at Security University.

With regard to the ultimate remedy here or
when the face of the regulation itself does not say that,
1. 
2. So deference does not mean it is whatever the government
3. says it is. If the language of the regulation is clear
4. then the adjudicator reads it for what it is, not for what
5. SCHEV wants it to be as a matter of law and that is
6. axiomatic.
7.
8. One thing that has not come up today, it was
9. our burden to counter the points raised, but one piece of
10. evidence that has not been presented is any situation of a
11. similarly situated school that has a purported violation
12. in 2011 in a manual that is resolved in one manual but
13. remains in another manual in 2014 that, that repeat
14. violation has been grounds to decertify.
15.
16. I would take a respectful issue with the
17. analogy. The analogy of OSHA and the guardrail is not --
18. you know, was there a guardrail or was there not a guard
19. rail. The analogy would be, there is a guardrail but
20. there is a brochure dealing with that company and in the
21. brochure there's not a picture of the guardrail.
22.
23. And the question is, as Dr. DeFilippo said in
24. the informal hearing many times, what is the actual
25. practice? Are you giving full refunds or are you not
26. giving full refunds?

1. with that just to let you know. If you don't, that's fine
2. too but just let me know.
3.
4. Is there anything else before we close out?
5. MR. SHANNON: No, sir.
6. THE HEARING OFFICER: Once again, thank you
7. very much.

8. *(Whereupon, at approximately 6:21 o'clock
9. p.m., the hearing in the above-entitled matter was
10. concluded.)*

I think the evidence we've presented today is
1. that there are paper issues but the practices of Security
2. University conform with the regulatory requirements on
3. their face and the recommendation of decertification
4. respectfully would seem to be arbitrary and capricious and
5. that would be our closing.

6. THE HEARING OFFICER: Okay. Well, thank you
7. everyone for -- it's been a long day. It went longer than
8. we expected but I think there has been a lot of discussion
9. and evidence presented and although I didn't have a good
10. understanding of a lot of issues before, I think I
11. understand a lot more than I did before. I appreciate all
12. of that.

13. Let me ask the Court Reporter, when do you
14. think the transcript will be ready.
15.
16. MR. MELIS: Are we off the record?
17. THE COURT REPORTER: No, but I can be.
18. MR. SHANNON: Let's go off the record.
19. *(Discussion, off the record.)*
20. THE HEARING OFFICER: Whatever the Court
21. Reporter's normal practice is sufficient and at that point
22. in time counsel will let me know if they want to make any
23. post-hearing submittal and that will be fine. I'm okay.

CERTIFICATE OF COURT REPORTER
1. I, DIANE C. TUDDER, a Verbatim Reporter, do
2. hereby certify that I took the stenographic notes of the
3. foregoing proceedings and thereafter reduced the same to
4. typewriting; that the foregoing is a true record of the
5. testimony given by said witnesses; that I am neither
6. counsel for, related to, nor employed by any of the
7. parties to the action in which these proceedings were
8. held; and, further, that I am not a relative or employee
9. of any attorney or counsel employed by the parties hereto,
10. nor financially or otherwise interested in the outcome of the
11. action.

12. DIANE C. TUDDER
13. Verbatim Reporter

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Rudiger, Green & Kerns Reporting Service
4116 Leonard Drive, Fairfax, VA 22030
703-591-3136
June 18, 2014

Ms. Sondra Schneider
Founder & CEO
Security University
510 Spring Street, Suite 130
Herndon, VA 20170

Via Certified Mail: 7013 1090 0001 8595 2906

Dear Ms. Schneider:

As per your request, the State Council of Higher Education for Virginia (SHEC) conducted an informal fact finding (IFF) conference on Thursday, May 1, 2014. In accordance with § 2.2-4019, § 2.2-4021 and § 23-276.1 - § 23-276.12 of the Code of Virginia, as amended (“Code”), the conference was held to determine whether grounds exist to revoke Security University’s (SU) Certificate to Operate in the Commonwealth of Virginia. Taking into account information provided at the informal fact finding conference, it has been determined that a sufficient basis exists to continue with the process to revoke Security University’s Certificate to Operate.

SHEC found that representatives attending the conference on behalf of Security University failed to adequately respond to the findings outlined in the Report of Audit dated March 14, 2014. The following summarizes the results of the IFF Conference:

I. At the January 30-31, 2014 audit, SU was cited for having a non-compliant refund policy. This was a repeat violation. Three documents were reviewed at the time of audit: the staff handbook, course catalog and student handbook. SU’s refund policy was correct in only one of the three documents. At the IFF conference, SU denied that copies of the staff handbook and course catalog contained incorrect refund policies. SHEC retained original copies of the staff handbook, course catalog and student handbook which were provided at the time of the audit. These bear out the original findings.

II. SU has shown difficulty with maintaining compliance and consistency in its catalogs and student handbooks—documents that provide essential student disclosures. Security University’s inability to maintain compliance in this area is well documented. Indeed following the audit of 2011, SU was instructed to revise its catalog to meet Virginia regulation and was unable to produce a compliant student handbook after several attempts.

III. (a) SU was originally cited for not adhering to its own admissions policy. During the audit SHEC staff noted that the catalog, student handbook and staff handbook cited different admissions criteria. The student and staff handbooks listed the following admissions requirements: (1) resume, (2) evidence of background check (3) evidence of 12 months of professional work in information technology and (4) evidence of TCP/IP or IT security certifications certificate. The catalog listed the following admissions

Advancing Virginia Through Higher Education
requirements (1) evidence of Security+ Certification or 12 months professional work in information technology and (2) evidence of relevant TCP/IP or IT security certifications attained. SCHEV staff requested to see the files that document each student’s eligibility for admission to the program s/he enrolled in as per the admissions/registration requirement. SU did not provide these documents. Instead, SU administration asserted that the stated admissions policies are only applicable to students who wish to enroll in the Q/IISP program and there are no admissions requirements for any other programs.

During the IFF conference, SU attempted to explain its admissions policy but provided confusing and contradictory information. First SU described Q/IISP as a credential and not a class, which did little to clarify the information that was provided at the time of the audit. When asked at the IFF conference if enrolling in a course, such as ethical hacking, required no substantive criteria, SU responded affirmatively. However, later in the conference, SU described reviewing resumes and having telephone interviews with people enrolled in ethical hacking or pen testing courses to determine their level of knowledge. At that point SCHEV pointed out that these activities constitute admissions requirements and therefore SU did have some criteria that were being applied in an ad-hoc manner. SU admitted to checking the eligibility for enrolled students but not documenting it. The result of this conversation was that SU did not demonstrate SCHEV that it has an appropriate admissions policy that is used consistently, as is required by the Virginia Administrative Code.

(b) In the course of offering an explanation regarding its admissions process, SU revealed additional problems that had not been discovered during the audit. The enrollment process described by SU requires students to pay full tuition before the school has determined whether the student is qualified to enroll in the course. Furthermore, there is no evidence that the school provides student disclosure information prior to student enrollment, a requirement of Virginia regulation. This constitutes an improper reversal of the order of the enrollment process. Students must first meet admission criteria and be properly informed of their rights and responsibilities prior to paying tuition fees.

IV. SU was originally cited for not meeting standards of training for courses that lead to certifications provided by external organizations. SU is not a recognized training partner for some of the programs it offers. At the IFF conference, SU indicated that preparation for certain certifications does not require that students take a course authorized by the certification body. SCHEV does not agree that such educational practices meet the standards of training requirement of the Virginia Administrative Code.

V. SU was originally cited for providing false, inaccurate and misleading information in its brochure, catalog, student handbook and staff handbook. During the IFF Conference SU administration admitted having difficulty determining what is “false, inaccurate or misleading.” SU believes that it can use trademarked names of programs in its brochures and catalogs so long as it provides a disclosure, in tiny letters, that it is not affiliated with the certifying body for that program. This is only one instance where SU provides misleading information. SU administration seemingly lacks the understanding of how to provide accurate, straightforward information to students as required by Virginia regulation.

VI. SU was originally cited for records maintenance issues. Student transcripts that include all courses a student has taken and the outcome for each were never provided at the time of audit. Indeed, SU maintains a billing system instead of a proper student record system that maintains suitable transcripts. SU has been advised that its records maintenance is not compliant with the Virginia Administrative Code.
VII. SCHEV has found that SU tends to make quick, ad hoc changes when something is pointed out as being non-compliant. Sometimes the resulting correction simply creates a new—arguably worse—instance of non-compliance. During the IFF conference, for example, SCHEV explained that SU cannot use the terms “Master” or “Graduate” to describe certificates earned at the school. These terms are reserved for degree granting institutions and their use by a career technical school is misleading. Since the IFF conference, SU has instituted a change in its student handbook that is just as, if not more, misleading. SU now describes a “Mastery Certificate” in its handbook and states, “If an articulation agreement is in place a students may be able to transfer SU hands-on performance based hours to a degree or other program at an articulating school.” This information is more than misleading, it is absolutely false. As a career technical school, programs at SU are non-degree and cannot be transferred to a degree granting institution. This is indicative of the administration’s lack of understanding or plain disregard for information that has been provided to SU on more than one occasion.

Pursuant to 8 VAC 40-31-220 (B), Security University has the right to request a formal hearing before a hearing officer assigned by the Virginia Supreme Court. This is the last step in the administrative process. Security University must provide its request for the formal hearing, in writing, within 14 business days of this notice, or by July 8, 2014.

If you have any questions, you may contact Sylvia Rosa-Casanova at 804-225-3399 or via e-mail at SylviaRosaCasanova@schev.edu.

Sincerely,

Joseph G. DeFilippo, Ph.D.

C: The Honorable Anne Holton, Secretary of Education
   Mike F. Melis, Assistant Attorney General, Education
   Sylvia Rosa-Casanova, Director, Private and Out-of-State Postsecondary Education
July 29, 2013

Ms. Annie Walker
Director
State Approving Agency for Veterans’ Education and Training
900 East Main Street
Richmond, VA 23219

Re: Security University Programs 2006-2013

Dear Ms. Walker:

This is to inform you that the State Council of Higher Education for Virginia (SCHEV) reviewed the original certification (2006) and all the re-certifications documents from 2007 through 2012 for Security University to determine the reason why our list of programs/courses for the institution was not in agreement with the list of programs Security University assumed it was cleared to offer. Our research indicates that there was a severe lack of communication between Security University and the SCHEV staff and our database did not include all the programs the institution notified us it was teaching.

In the interest of fairness, since the problem was created by a lack of communication between SCHEV and Security University, I have enclosed a list of programs and courses SCHEV will consider as “approved” for each year beginning 2006-the present. This information is based on actual forms submitted at the time of certification/re-certification. The column labeled 2012 constitutes the list of courses and programs that SCHEV considers “approved” as of December 1, 2012 (the beginning of Security University’s current re-certification cycle). The other columns on the enclosed form indicate the programs submitted with each of the prior years’ re-certification applications. Over time, hours and/or names have changed and these are reflected on the enclosed chart.

Please call me at 804-225-3399 if you have any questions.

Sincerely,

Sylvia Rosa-Casanova
Director, Private and Out-of-State Postsecondary Education

Enclosure

c: Sondra Schneider, Security University
   Ira McClellan , Senior Regional Manager, Veterans’ Approving Agency