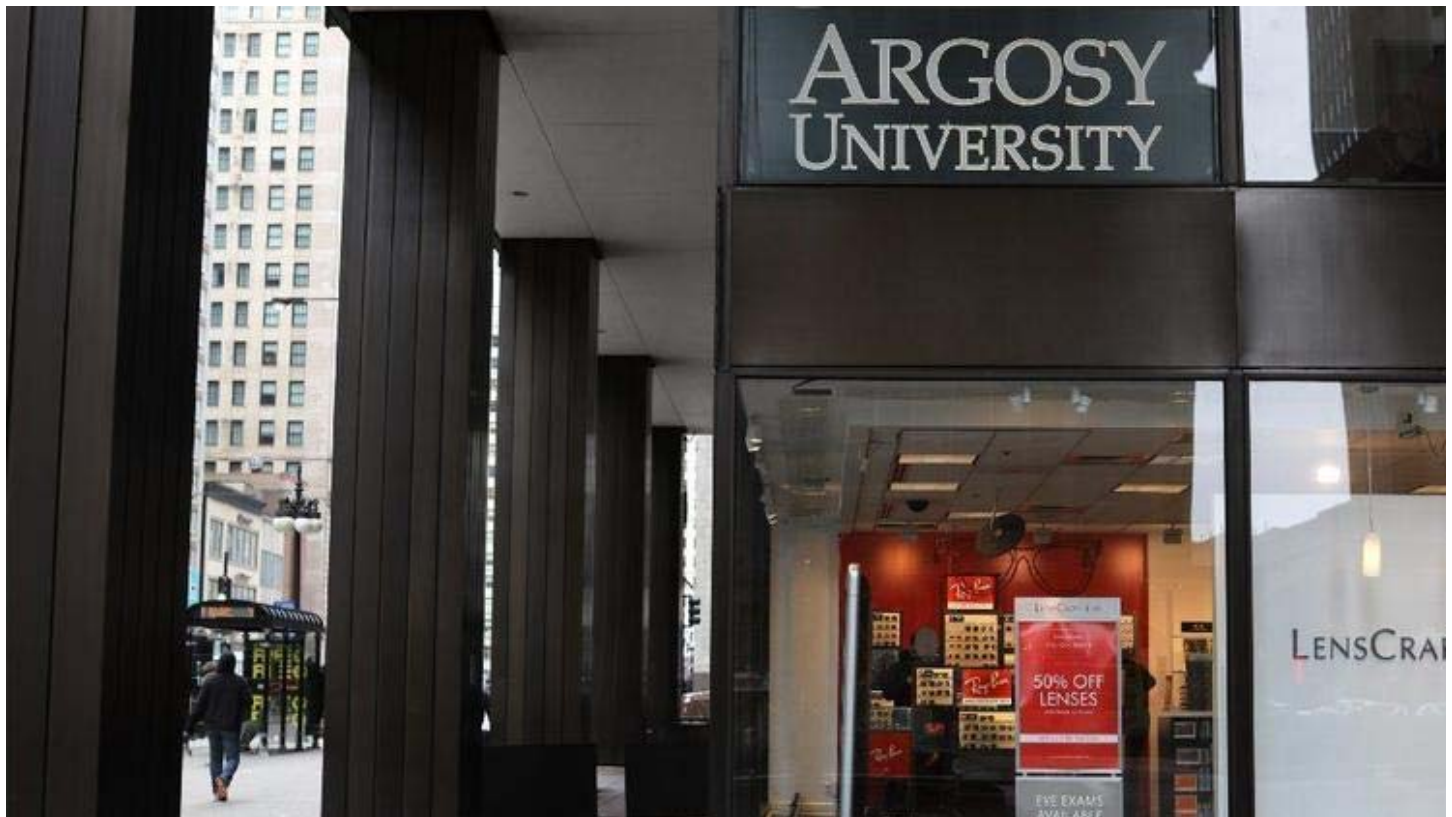


As Argosy University in Chicago shuts down amid student loan scandal, confusion and emotion reign



The Chicago campus of Argosy University on Thursday March 7, 2019. (Abel Uribe/Chicago Tribune)



By **Dawn Rhodes**
Chicago Tribune

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The lobby of the building that houses Argosy University's Chicago campus was relatively calm Friday, but hints abounded that all was not well.

As students filed in and out of the Michigan Avenue facility, scrambling to collect their academic records while they still could, faculty and staff members cleared out their offices, and books that had been removed from the cleaned-out library were being stacked in the hallway, free for anyone to take, according to

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lp coordinate efforts with other schools to allow

Argosy students to continue their studies.

The university officially ceased operations Friday afternoon, a spokeswoman for the parent company confirmed. All this came just two days after Argosy officials announced that the school — along with other campuses across the country — would shut down barring a successful last-ditch effort to find a new buyer.

The announcement also came as the U.S. Department of Education said the private university chain had improperly withheld millions of dollars in financial aid from students and used it to cover other expenses instead.

“Argosy University, Chicago has closed,” Mark Dottore, a court-appointed receiver overseeing the finances for the school, said in a statement.

“We are extremely disappointed with this outcome but continue to provide services to students to help them transition to one of the dozens of higher education institutions offering assistance to them or, where they choose to do so, to apply for student loan discharge.”

Administrators at the downtown Chicago campus [revealed Wednesday the school was facing a shutdown by the end of the week.](#)

Several students said they were given no warning of the imminent shutdown. One doctoral student, who did not want to give her name, said Friday she learned of the news from a TV broadcast.

Former student Tiffany Jones, who received her doctorate in 2017, came downtown Friday to get a copy of her official transcript because she wasn't sure how much longer she'd be able to obtain it directly from the school.

She said she had seen reports in a Facebook group about Argosy possibly closing but she was not aware until Thursday that it could affect Chicago.

“Then my dissertation chair called me and texted me and said, ‘No, you need to get your transcript (Friday),’” said Jones, of Sauk Village. “I feel sorry for the staff and the students because it's just a horrible situation to be in.”

Argosy's fate appeared to be sealed last week when the U.S. Department of Education announced it no longer would provide financial aid to the private university because it had failed to properly administer the money in what the department called “a grievous breach” of the university's responsibility.

The department said the university didn't pay federal financial aid credit balances to students as required by January, Argosy instead used that money to cover

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h of the required fiduciary standard of conduct”

that “demonstrates a blatant disregard for the needs of its students.”

In the same Feb. 27 letter, the Department of Education notified parent company Dream Center Education Holdings that its request to convert Argosy from a for-profit to a nonprofit university was rejected and that it was ceasing Argosy’s participation in what’s known as Title IV federal student aid programs.

The Department of Education “took this step because Argosy does not meet certain standards, including administrative capability, financial responsibility, and the institution’s duty to use federal student aid program funds only for their intended purpose,” the department wrote in a notice posted to the federal student aid website.

The letter from Chicago campus President Kevin Beaver announcing the possible closure said the decision severely curtailed Argosy’s ability to operate. He urged students to come to campus Thursday and Friday to get their transcripts and to participate in information sessions about transferring to another institution.

Earlier this week, the court-appointed receiver sought an emergency closure of 22 Argosy campuses throughout the country, according to Ohio federal court documents and the DOE.

The receiver, Dottore, identified potential buyers for a few locations, according to court documents filed Thursday. But there was no indication Friday that anyone had offered to purchase Argosy in Chicago.

Even as federal authorities were taking action against Dream Center, the Illinois Board of Higher Education had been conducting its own investigation into the schools since January.

In multiple campus visits, state higher education representatives also fielded concerns about students not receiving owed federal financial aid. Officials also determined that several admissions personnel had been laid off.

That essentially means an institution no longer is enrolling new students and is entering “teach-out” mode, which is designed to simply help current students complete their degrees, according to a Tuesday notice from the board.

Indeed, a pop-up message on Argosy’s website confirms it is no longer enrolling new students.

But Argosy never complied with the board’s multiple requests to turn over student transcripts or to formally arrange teach-out agreements for its students, the board determined.

The board approved a hearing to consider formally revoking Argosy’s ability to operate or award degrees.

“We have monitored the situation at Argosy from the first word of difficulty,” said Nyle Robinson, interim

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ncial and regulatory trouble. The schools and

their various owners have been lambasted by numerous legislators who have accused the institutions of financial mismanagement and predatory loan practices.

A nonprofit based in Pittsburgh, Dream Center bought the schools under the Art Institute (distinct from the School of the Art Institute of Chicago), Argosy University and South University names in 2017, intending to transfer them from for-profit to not-for-profit status.

The schools had a troubled history under its previous owner, Education Management Corp.

In 2011, then-Illinois Attorney General Lisa Madigan joined other state top prosecutors in suing the company following a whistleblower lawsuit that alleged consumer fraud. The company agreed to pay a \$95.5 million settlement in 2015.

For Illinois, the agreement involved forgiving \$3 million in student loans for about 2,700 students, and mandating changes in how school officials disclose enrollment costs and expectations about job placement after graduation. The company closed numerous schools under its umbrella following that settlement and began selling off the rest to various companies.

U.S. Sen. Dick Durbin, a Democrat from Illinois, frequently has criticized how Dream Center operated, opposed the company's move to acquire the schools from Education Management and repeatedly has called on the education department to more closely scrutinize the schools.

He applauded the move to cut off Title IV funding, called the closing of the schools overdue, and joined with several other senators Friday in urging the Department of Education to assist students.

The senators also criticized the department for not intervening sooner.

"The Department's decision on Feb. 27 to cut off Title IV funds from Argosy was a long time coming," the senators wrote in a letter to Education Secretary Betsy DeVos. "But ultimately, it was too little too late for students and taxpayers."

The swift shutdown of Argosy comes just a few months after Dream Center also shut down 18 art schools, including two in Illinois. [In July, Dream Center announced it would close the Art Institute schools](#), just a few days after the schools' previous owner filed for bankruptcy and listed nearly all the affected schools as debtors in the case.

Argosy's location in Schaumburg also closed in that move, moving about 100 students to the Chicago campus.

The Chicago Tribune reports that the following are the institutions currently operating in Illinois.

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