



May 4, 2015

VIA EMAIL
(seanpferguson@gmail.com)

Mr. Sean Ferguson
Director of Accreditation and Regulatory Compliance
English Language Institute
210 Post Street, Suite 518
San Francisco, CA 94108

***Re: FRC Report Reviewed;
Institutional Show Cause Issued;
Interim Report Required
ACCET ID #959***

Dear Mr. Ferguson:

At its April 2015 meeting, the Accrediting Commission of the Accrediting Council for Continuing Education & Training (ACCET) reviewed the institution's report to the Financial Review Committee (FRC), dated February 20, 2015, submitted in response to a January 27, 2015 letter from the FRC regarding the institution's internally-generated financial statements for January 1 through September 30, 2014. This reporting to the FRC originated from the institution's 2012 annual financial reporting, with follow-up financial reporting reviewed by the FRC for meetings in 2013 and 2014. As a result of the FRC's concerns relative to the institution's financial stability, the institution's report was referred to the Accrediting Commission.

The Commission reviewed the institution's submissions and noted that the internally-generated financial statements for January 1 through December 31, 2014 provided to the Financial Review Committee indicated a downturn in the institution's financial condition, with greater negative equity and larger net operating losses than in the financial statements for the same period in 2013. The institution's financial statements also continue to show a current assets:liabilities ratio significantly below the ACCET benchmark of 1:1. Therefore, the Commission voted to issue an Institutional Show Cause directive, requiring the institution to show cause why its accredited status should not be withdrawn.

Therefore, the Commission directed the institution to submit an interim report to include the following specific items:

1. A detailed, comprehensive financial recovery plan which includes specific steps to regain financial stability. This plan must include timeframes for each step, as well as alternatives should the institution's original steps not be successful. The financial recovery plan submitted for the April 2015 FRC meeting had three components: increasing enrollments at the San Francisco location through online advertising and increasing conversion rates, opening the San Diego location, and reducing overhead by sharing fixed costs with the San Diego location. However, the San Diego location is not yet open, and while the institution indicated in its narrative that it has seen benefits from increasing enrollments, this is not yet evidenced by the financials provided. The institution's revised plan should also include any information on its plans to improve its equity. If the institution's ownership plans to support the institution to ensure that operations

continue through this period of financial instability, the institution should additionally submit a statement of financial guaranty.

2. Budget projections for July 1 through December 31, 2015 and at least the first six months of calendar year 2016.
3. Internally-generated financial statements for January 1 through June 30, 2015 (balance sheet and income statement), with line-by-line comparisons to the corresponding period of 2014.
4. A signed statement from the CEO or CFO attesting to the truth and accuracy of the financial statements.

A copy of this report, including the **attached interim report cover sheet**, must be emailed to **interimreports@accet.org** for receipt at the ACCET office no later than **June 26, 2015**.

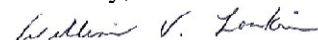
The institution is further directed to continue its quarterly financial reporting to the Financial Review Committee, to submit an internally-generated balance sheet and income statement for each quarter to mackerman@accet.org, along with a signed statement from the CEO or CFO attesting to the truth and accuracy of the statements, due **within 30 days of the end of each quarter**.

As a reminder, please be advised that late submission and receipt of documents and reports are subject to significant late fees in accordance with Commission policy. These fees are outlined in ACCET Document 10, which can be found at www.accet.org.

Further, while under an Institutional Show Cause directive, the institution is restricted from making any substantive changes including, but not limited to, applications for new programs, major program revisions, new branch campuses or other new sites, or relocations out of the general market area.

Your demonstrated capabilities and commitment in support of the institution's accredited status are essential to a favorable outcome in this process. Should you have any questions or need further assistance regarding this letter, please contact the ACCET office at your earliest opportunity.

Sincerely,



William V. Larkin, Ed.D.
Executive Director

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Enclosures: Interim Report Cover Sheet

CC: Mr. Herman Bounds, Chief, Accreditation Division, USDE (aslrecordsmanager@ed.gov)
Ms. Rachel Canty, Deputy Director for External Operations, SEVP (rachel.e.canty@ice.dhs.gov)
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