



ACCREDITING COUNCIL FOR CONTINUING EDUCATION & TRAINING
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April 29, 2019

VIA EMAIL
(briana.raissi@geos.net)

Ms. Briana Raissi, Compliance Officer
GEOS New York, Corp DBA GEOS Languages Plus
17 Battery Place, Ste 638
New York, NY 10004

***Re: Interim Report Reviewed;
Interim Report Required;
Institutional Show Cause Issued***

ACCET ID #990

Dear Ms. Raissi,

At its April 2019 meeting, the Accrediting Commission of the Accrediting Council for Continuing Education & Training (ACCET) reviewed the institution's interim report submitted in response to the December 18, 2018 Commission Action letter, that directed the institution to address the following four items: 1) a thorough narrative update on its efforts to ensure that only programs approved by ACCET are being advertised, that those programs are consistently represented and aligned with ACCET program approvals, that services are clearly differentiated from education programs, that the institution uses only justifiable and provable claims to advertise its programs, and include a list of all current students and their respective programs; 2) a completed annual evaluation document from the Academic Coordinator at the Torrance, California location, and a list of all administrative staff at both the Torrance and New York locations, together with their hire dates and dates of actual or scheduled annual performance evaluations; 3) documentation demonstrating that the institution's ownership structure reflects that which is on record with ACCET, or a change of ownership application, and a narrative update clarifying the institution's financial support from the parent company, inclusive of financial statements for both the institution and the supporting entity which disclose the financial guaranty, a notarized statement from the supporting entity, and internally-generated financial statements for calendar year 2018 for the supporting entity; and 4) internally-generated financial statements for the period of October 1 – December 31, 2018 to include a balance sheet, income statement, and a cash-flow statement that were line-by-line comparative with the previous year that represented the accredited entity only, a comparison of expected vs. actual for the profit/loss data, projections for the remaining three quarters of fiscal year 2019, a narrative update delineating to what "other receivables" and "other liabilities" represented on the financial statements refers to and detailing the institutions progress towards achieving its financial recovery plan, any changes to the original plan, and results thus far,

together with a signed attestation from the CEO or CFO.

Upon its review of the institution's interim report, dated February 28, 2019, the Commission directed the institution to submit an additional interim report to include the following specific items and issued a show cause directive as outlined on pages four and five of this letter:

1. *In its response, the institution indicated that it updated its website to include only references to ACCET-approved programs, advertisements that make justifiable and provable claims, and removed references to those branch campuses that have been closed so that only the main campus in New York and the branch campus in Torrance are represented. Additionally, the institution included two spreadsheets with lists of current students at the main and branch campuses and their corresponding programs. Upon review of the supporting documentation, and the institution's website, it was noted that several references to unapproved programs, programs whose name are inconsistent with ACCET records, and closed campuses were still published online. By way of example, the institution's website continues to reference Working Holiday and University Pathways, which are unapproved by ACCET. The institution's website also references the Super Intensive Course, which is recorded by ACCET as Super Intensive – Beginner, Super Intensive – Intermediate, and Super Intensive – Advanced. Additionally, references to the Boston and Costa Mesa campuses were found upon review of the U20 brochure and special-programs webpage. The institution also continues to publish advertising claims that are unjustifiable on its website and advertises that, "English Language Courses with GEOS New York are among the best options for you to improve because our English Course includes extra time to improve your speaking – 30% more speaking time than most other English programs," which is non-compliant with ACCET Document 30 – Policy on Recruiting, Advertising and Promotional Practices.*

Therefore, the institution must provide a detailed narrative on the efforts it has undertaken to ensure that only ACCET-approved programs are published on the institution's website, and that the programs presented are done so in a manner that is consistent with ACCET's records. With its response, the institution must provide specific references to any updates to programs and locations made on the website, along with corresponding URLs to facilitate third-party review. The institution must also provide a list of what was published on the website before and after any changes were made. Further, the institution must update its promotional materials and brochures so that no superlative claims or other unjustifiable claims are made, and that only ACCET-approved programs at active locations are advertised. The institution must also provide before and after copies of brochures and other promotional materials, along with the specific URL of any promotional materials published online as evidence that the requisite changes have been implemented. Should the institution have specific questions about how it represents its programs online and in promotional materials, it is advised to contact Ms. Donna Hutchison at DHutchison@accet.org or Ms. Cristina Rodarte at CRodarte@accet.org.

2. *In its response to the interim report, the institution provided a narrative update indicating that*

the current ownership structure is as follows:

Level 1: GEOS New York, Corp. d/b/a GEOS Languages Plus

Level 2: Sprachchaffe Langauges Plus Florida, Inc. (100%)

Level 3: SCHI LTD (100%)

Level 4: SCIH Worldwide, Ltd. (100%)

Level 5: Marcello Sarno (100%)

The response indicated, however, that they were unable to acquire documents showing the transfer of shares from one sub-company to the sole owner and such documentation was never sent to ACCET as part of the interim report response. The response further indicated that, at the time of writing, financial statements were not available from the institution's accountant, and that they would be submitted upon receipt, albeit under separate cover. It was noted, however, that the financial statements were never received by ACCET as part of the interim report response, therefore the institution did not demonstrate that the financial guaranty is included in the financial statement's notes. With the response the institution also included a notarized statement of financial guarantee from the owner, in addition to draft financial statement statements for the period of January 1 – December 31, 2018 for SCI Travel Limited, however this entity does not appear on the ownership chart for ACCET. Further, it was noted that the ownership structure provided in the institution's interim report response and detailed above is different from the ownership approved by ACCET and outlined in the institution's most recent grant letter as:

Level 1: GEOS New York, Corp. d/b/a GEOS Languages Plus

Level 2: Sprachchaffe Lanugages Plus Florida, Inc. (100%)

Level 3: SCIH LTD (100%)

Level 4: SCIH Worldwide, Ltd. (100%)

Level 5: Lernbruke Reisen GmbH (100%)

Level 6: Marcello Sarno (100%)

It was also noted that the ownership structure provided in the December 2018 Interim Report indicated the following ownership structure, which also differs from the information on record with ACCET, and included in the interim report response reviewed at the Commission's April 2019 meeting:

Level 1: GEOS NY Corp.

Level 2: Sprachchaffe Languages Plus Florida (100%)

Level 3: SCI Travel Ltd. [unstated percentage, but presumably 100%]

Level 4: Marcello Sarno [unstated percentage, but presumably 100%]

Therefore the institution must provide a narrative update on this issue, to include:

- a. A detailed description of the institution's current ownership structure, including supporting documentation to demonstrate and confirm that its current ownership structure matches the six-tiered structure that ACCET has on file. If the institution's ownership does not match the six-tiered structure that it previously**

reported to ACCET, and that ACCET has in its records, the institution must submit a complete copy of ACCET Document 21 - Application for Change of Ownership and/or Control with full supporting documentation to Mr. James Doran at jdoran@accet.org.

- b. A narrative update clarifying the institution's financial support from its parent company, including financial statements for both the institution and the supporting entity submitted according to the general instructions described in ACCET Document 27 – Policy on Financial Reporting and Financial Stability, as well as any specific requirements of ACCET Document 27 that apply for the period of October 1, 2018 – May 31, 2019. Financial statements for the supporting entity will be reviewed for financial stability and to ensure the capacity to appropriately provide for the institution's continued short- and long-term operations and with reference to the financial guaranty in the notes. The institution is reminded that the entity providing the financial guaranty must align with the institution's ownership structure.
3. *In its interim report response, the institution indicated that financial statements for the period of October 1 – December 31, 2018 were not available from the accountant at the time the report response was due, and that they would be submitted as soon as possible upon receipt. These statements were not received by ACCET, however, the institution did submit annual financial statements for fiscal year 2018, which indicated that the institution's current ratio was below 1:1, negative equity, small cash reserves, and negative net operating and total losses.*

The interim report response included profit and loss statements and projections for the main campus in New York and the branch campus in Torrance, California, which indicated that both campuses had experienced losses, although projections for 2019 indicate positive net income. The interim report also included a financial recovery plan which indicated that the institution was starting to see positive financial results following closure of the Costa Mesa and Boston locations, and that it had experienced an overall increase in bookings from the previous year.

Therefore the institution must provide internally-generated financial statements for the period of October 1, 2018 – May 30, 2019 to include a balance sheet, profit and loss statement and cash-flow statement, an updated financial recovery plan with a narrative update on the progress toward fulfilling the plan, and a signed statement from the CEO or CFO attesting to the truth and accuracy of those statements. The institution is reminded that it must provide all reporting to ACCET, as directed, by the date below.

Additionally, the Commission voted to issue a show cause directive, **requiring the institution to provide a compelling rationale showing cause as to why its accredited status should not be withdrawn.** This action is based on the institution's failure to submit the following items with their interim report response, as required by the Commission Action letter dated December 18, 2018 and

in accordance with commission deadlines:

1. Financial statements for both the institution and the supported entity submitted according to ACCET Document 27 – Policy on Financial Reporting and Financial Stability;
2. Internally-generated financial statement for the period of October 1 – December 31, 2018 to include a balance sheet, income statement and cash-flow statement that were line-by-line comparative with the same time period from the previous year.

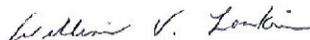
A copy of this report, **including the attached interim report cover sheet**, must be emailed to **interimreports@accet.org** for receipt at the ACCET office no later than **June 28, 2019**.

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 a Show Cause directive, the institution is restricted from making any substantive changes including, but not limited to, 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

WVL/clr

Enclosures: Interim Report Cover Sheet

CC: Mr. Herman Bounds, Chief, Accreditation Division, US ED (aslrecordsmanager@ed.gov)
Ms. Valerie Lefor, Accreditation Division, US ED (Valerie.lefor@ed.gov)
Ms. Rachel Canty, Director of External Operations, SEVP (rachel.e.canty@ice.dhs.gov)
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