


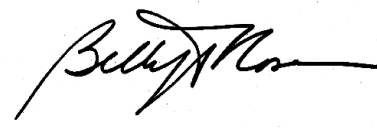


**TO:** The Honorable Members of the Board of Regents

**FROM:** David H. Hamilton 

**SUBJECT:** Swedish Institute, Inc.: Transfer of Degree-conferring Authority

**DATE:** December 4, 2025

**AUTHORIZATION(S):** 

### **SUMMARY**

#### **Issue for Decision (Consent)**

Should the Board of Regents consent to the transfer of degree-conferring authority of Swedish Institute, Inc. to a new owner?

#### **Reason(s) for Consideration**

Required by State Statute and Regents Rules.

#### **Proposed Handling**

This question will come before the full Board at its December 2025 meeting, where it will be voted on and action taken.

#### **Background Information**

Swedish Institute, Inc. started to offer its first associate degree program in 1999, an A.O.S. program in massage therapy. In addition to this program, the Institute currently offers the following degree programs: A.O.S. programs in advanced personal training, medical assistant, and surgical technologist, and A.A.S. programs in Diagnostic Medical Sonography, Health-care Administration and Nursing. The Institute is accredited by Accrediting Commission of Career Schools and Colleges (ACCSC).

Lottus Education USA, Corp (Lottus USA), a subsidiary of Lottus Education S.A.P.I. de C.V. (Lottus Education) located in Mexico, submitted an application to seek the consent of the Board of Regents to become the new owner of Swedish Institute, Inc. on April 10, 2025. A complete application was received on June 6, 2025.

In accordance with section 224(1)(b) of Education Law, no for-profit institution shall transfer degree-conferring authority through a change of ownership without the consent of the Regents. Section 3.58 of the Rules of the Board of Regents specifies the requirements and process for transfer of degree-conferring authority.

Upon review of the entire record, staff members determined that the prospective owner has the capacity to operate Swedish Institute, Inc. the factual basis for staff determination (Attachment A) is attached.

### **Related Regents Items**

[June 2008: Swedish Institute, Inc.: Temporary Authorization of Degree Powers Upon a Change of Ownership](https://www.regents.nysed.gov/meetings/2008/2008-06-49)

(<https://www.regents.nysed.gov/meetings/2008/2008-06-49>)

### **Recommendation**

It is recommended that the Board of Regents take the following action:

VOTED: That the Board of Regents consent to the transfer of degree-conferring authority of Swedish Institute, Inc., through a change of ownership to Lotus, USA. This consent will be effective until December 16, 2026, unless Swedish Institute, Inc., receives approval from its institutional accreditor to change ownership and remains eligible to participate in the Federal Student Financial Aid programs under the new ownership, in which case the consent shall be without term.

### **Timetable for Implementation**

If the Board of Regents consents to transfer of degree-conferring authority of Swedish Institute, Inc. to a new owner, the Department will send notification letter to the proposed owner.

## **Attachment A**

### **Factual Basis for the Recommendation**

Below is the list of documentation outlined in section 3.58 (e) (6) (ii) of the Regents Rules for the prospective owner to submit to the department to substantiate the prospective owner's capacity to operate the college and staff findings for each provision.

*(a) evidence confirming the prospective owner's capacity to operate the institution in compliance with the Education Law, program registration standards set forth in Part 52 of this Title, other rules of the Board of Regents and regulations of the Commissioner of Education, other State statutes and regulations, and Federal statutes and regulations, relevant to the operation of degree-granting institutions;*

The application states that each of the Lottus institutions holds all approvals required to operate in Mexico, and such approvals are continuously renewed by the applicable Mexican regulatory bodies.

*(b) evidence confirming that the prospective owner has sufficient financial resources to ensure satisfactory conduct of degree programs and achievement of the institution's stated educational goals;*

The Office of Audit Services reviewed the audited financial statements of Lottus Education, S. A. P. I. de C. V. and Subsidiaries (entity) for the period ended December 31, 2024. The following two tables show the entity's primary reserve, equity, and net income ratios for the 2024 fiscal year and the federal composite scores for the 2023 and 2024 fiscal years.

<b>2024 Fiscal Year</b>	
Primary Reserve	(0.0276)
Equity	(0.5241)
Net Income	0.0283
<b>Note: parenthetical notation denotes a negative ratio. If applicable.</b>	

<b>Fiscal Year</b>	<b>Composite Score</b>	<b>Interpretation of Score</b>
2024	0.0	"not financially healthy"
2023	(0.8)	"not financially healthy"
<b>Note: parenthetical notation denotes a negative ratio. If applicable.</b>		

The proposed owner provided a response to the above findings. The response includes several assurances and other information. See below:

Lottus' Assurances:

- Commitment to enter into an operating agreement with Lottus Education USA, Corp. (Lottus USA) until Lottus has a passing "federal composite score": ensuring no funds will be removed from Lottus USA; minimum cash balances of \$4 million will be maintained at Swedish Holdings, LLC and Lottus USA; and a current ratio (i.e., current assets/current liabilities) of 150% will be maintained at Swedish Holdings, LLC with Lottus committing to promptly inject funds to raise the current ratio if needed.
- Commitment to submit a letter of credit to USDE in the amount of 25% of the Title IV funds received in the most recently completed fiscal year.
- Commitment for Swedish Holdings, LLC and Lottus USA to maintain a composite score above 1.5 and for Lottus to promptly inject funds into either entity to raise the composite score above 1.5 if needed.

Other Information:

- Lottus has received credit ratings of A+(mex) from Fitch Ratings, a nationally recognized rating organization, and HR A+ from HR Ratings, a smaller credit-rating agency. While the highest credit ratings for those agencies are AAA and HR AAA, the ratings of A+(mex) and HR A+ are strong and generally a signal of low risk of default.

*(c) evidence of the prospective owner's experience operating an educational institution or other business or enterprise in an effective manner which demonstrates the prospective owner's capacity to operate a degree-granting institution;*

The application states that since its founding, Lottus Education has grown its educational operations to serve over 94,000 students across 42 campuses in major metropolitan areas including Mexico City, Guadalajara, and Monterrey. Lottus Education's institutions offer over 140 bachelor's, master's, and doctoral degree programs across disciplines such as business, health sciences, education, law, engineering, and information technology. Lottus Education's institutions have achieved graduation rates consistently above national averages in Mexico. Over 84% of Lottus Education graduates secure employment within 12 months of graduation, many in careers directly aligned with their field of study.

*(d) evidence that postsecondary education institutions that the prospective owner operates in New York State or elsewhere, if any, are in compliance with Federal and State statutes and regulations and accreditation requirements relevant to the operation of such institutions; and*

The Department requested written statements from the appropriate governmental agency indicating there are no outstanding concerns about Lottus Education or any institution operated by Lottus Education. The response states that Mexican regulatory authorities do not issue any form of letter or certificate confirming they have no concerns with an institution. If an institution or program continues to be approved or licensed by regulatory authorities, it is presumed that there are no material compliance concerns. The response includes a list of institutions listed on the website of the Mexican Secretariat of Public Education (*Secretaría de Educación Pública, SEP*), a federal government authority with Cabinet representation and responsibility for overseeing the development and implementation of national educational policy and school standards in Mexico.

*(e) evidence that the prospective owner has not engaged in fraudulent or deceptive practices.*

The application states that Lottus USA has not engaged in any fraudulent or deceptive practices with respect to its existing operations. The application includes a list of open litigation matters and labor and employment claims involving Lottus Education.