**Section 2790.40 Emergency Action**

a) The Executive Director may take emergency action to withhold funds from an applicant or an institution or its associated students, and to withdraw the authority of an applicant or an institution to participate in ISAC-administered programs if the Executive Director:

1) receives information which he believes to be reliable that an applicant or an institution is in violation of applicable laws, regulations, rules, special arrangements, agreements or limitations which had been previously established;

2) determines that such action is necessary to prevent the likelihood of substantial loss of funds to the State, to ISAC, to ED, to borrowers or to the students associated with the institution; and

3) determines that the likelihood of loss requires immediate action prior to completion of the procedures set forth in this Part for limitation, suspension or termination.

b) The Executive Director begins an emergency action by notifying the applicant or institution, by certified mail with return receipt requested, of the action and the basis for the action. The effective date of the action is the date on which the notice is received by the applicant or the institution. The notice shall state:

1) the basis of the emergency action;

2) the consequences of the emergency action to the applicant or the institution;

3) that the applicant or the institution may request an opportunity to show cause why the emergency action is unwarranted; and

4) that the failure to request an opportunity to show cause why the emergency action is unwarranted, at least five days after and including the effective date, is a waiver of that right.

c) An emergency action shall not exceed 30 days unless a limitation, suspension or termination proceeding is begun under this Part before the expiration of that period. In such case, the period may be extended until the completion of that proceeding, including any appeal to the Commission.

d) An emergency action may be terminated upon the Executive Director's verification that the applicant or the institution has corrected all violations on which the emergency action was based. Verification includes, but is not limited to, submitting documentation showing that the violation(s) has been corrected or submitting an acceptable plan for correcting the violation(s) and preventing a recurrence(s).

(Source: Amended at 22 Ill. Reg. 11123, effective July 1, 1998)