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7	Attorneys for Complainant		
8	BEFORE THE DEPARTMENT OF CONSUMER AFFAIRS		
9	FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION		
10			
11	In the Matter of the Statement of Issues	Case No. 1002479	
12	Against:	Case 140, 1002479	
13	EDISON TRUCK AND BUS DRIVING SCHOOL, INC.	STATEMENT OF ISSUES	
14	school, me.	STATEMENT OF ISSUES	
15	Renewal of Approval to Operate a Non- Accredited Institution Applicant		
16	Institution Code: 1937251		
17	Respondent.		
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20	Complainant alleges:		
21	<u>PARTIES</u>		
22	1. Dr. Michael Marion, Jr. (Complainant) brings this Statement of Issues solely in his		
23	official capacity as the Chief of the Bureau for Private Postsecondary Education, Department of		
24	Consumer Affairs.		
-25	2. On or about May 28, 2013, the Bureau for Private Postsecondary Education received		
26	an application for Renewal of Approval to Operate a Non-Accredited Institution from Edison		
27	Truck and Bus Driving School, Inc., (Respondent). On or about May 17, 2013, Edison D. Freire		
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certified under penalty of perjury to the truthfulness of all statements, answers, and representations in the application. The Bureau denied the application on February 7, 2017.

JURISDICTION

- 3. This Statement of Issues is brought before the Director of the Department of Consumer Affairs (Director) for the Bureau for Private Postsecondary Education, under the authority of the following laws. All section references are to the Education Code unless otherwise indicated.
- 4. California Business and Professions Code Section 118, subdivision (b) provides, in part:
- "(b) The suspension, expiration, or forfeiture by operation of law of a license issued by a board in the department, or its suspension, forfeiture, or cancellation by order of the board or by order of a court of law, or its surrender without the written consent of the board, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the board of its authority to institute or continue a disciplinary proceeding against the licensee upon any ground provided by law or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee on any such ground.
- 5. Section 94887 of the Education Code states that an approval to operate shall be granted only after an applicant has presented sufficient evidence to the bureau, and the bureau has independently verified the information provided by the applicant through site visits or other methods deemed appropriate by the bureau, that the applicant has the capacity to satisfy the minimum operating standards. The bureau shall deny an application for an approval to operate if the application does not satisfy those standards.

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STATUTORY PROVISIONS

- Section 94891 of the Education Code states: 6.
- "(a) The bureau shall adopt by regulation the process and procedures whereby an institution may obtain a renewal of an approval to operate.
- (b) To be granted a renewal of an approval to operate, the institution shall demonstrate its continued capacity to meet the minimum operating standards.
- (c) (1) An institution that is denied renewal of an approval to operate may file an appeal in accordance with the procedures established by the bureau pursuant to Section 94888.
- (2) An institution that has filed an appeal of a denial of a renewal application may continue to operate during the appeal process, but must disclose in a written statement, approved by the bureau, to all current and prospective students, that the institution's application for renewal of approval to operate was denied by the bureau because the bureau determined the application did not satisfy the requirements to operate in California, that the institution is appealing the bureau's decision, and that the loss of the appeal may result in the institution's closure.
- (3) If the bureau determines that the continued operation of the institution during the appeal process poses a significant risk of harm to students, the bureau shall make an emergency decision pursuant to its authority provided in Section 94938."
 - 7. Section 94897 of the Education Code states:
 - "An institution shall not do any of the following:
 - (i) Use a name in any manner improperly implying any of the following:
- (1) The institution is affiliated with any government agency, public or private corporation, agency, or association if it is not, in fact, thus affiliated.
 - (2) The institution is a public institution."
 - Section 94909 of the Education Code states: 8.
- "(a) Except as provided in subdivision (d), prior to enrollment, an institution shall provide a prospective student, either in writing or electronically, with a school catalog containing, at a minimum, all of the following:

(2) Except as specified in Article 2 (commencing with Section 94802), a statement that the institution is a private institution and that it is approved to operate by the bureau.

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- (4) The address or addresses where class sessions will be held.
- (6) If the educational program is designed to lead to positions in a profession, occupation, trade, or career field requiring licensure in this state, a notice to that effect and a list of the requirements for eligibility for licensure.
 - (8) A detailed description of institutional policies in the following areas:
 - (E) Leave-of-absence policies.
- (9) The schedule of total charges for a period of attendance and an estimated schedule of total charges for the entire educational program.
- (10) A statement reporting whether the institution participates in federal and state financial aid programs, and if so, all consumer information that is required to be disclosed to the student pursuant to the applicable federal and state financial aid programs.
- (11) A statement specifying that, if a student obtains a loan to pay for an educational program, the student will have the responsibility to repay the full amount of the loan plus interest, less the amount of any refund, and that, if the student has received federal student financial aid funds, the student is entitled to a refund of the moneys not paid from federal student financial aid program funds.
- (14) A description of the student's rights and responsibilities with respect to the Student Tuition Recovery Fund. This statement shall specify that it is a state requirement that a student who pays his or her tuition is required to pay a state-imposed assessment for the Student Tuition Recovery Fund. This statement shall also describe the purpose and operation of the Student Tuition Recovery Fund and the requirements for filing a claim against the Student Tuition Recovery Fund.

(15) The following statement:

"NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND CREDENTIALS EARNED AT OUR INSTITUTION"

The transferability of credits you earn at (name of institution) is at the complete discretion of an institution to which you may seek to transfer. Acceptance of the (degree, diploma, or certificate) you earn in (name of educational program) is also at the complete discretion of the institution to which you may seek to transfer. If the (credits or degree, diploma, or certificate) that you earn at this institution are not accepted at the institution to which you seek to transfer, you may be required to repeat some or all of your coursework at that institution. For this reason you should make certain that your attendance at this institution will meet your educational goals. This may include contacting an institution to which you may seek to transfer after attending (name of institution) to determine if your (credits or degree, diploma, or certificate) will transfer."

- (16) A statement specifying whether the institution, or any of its degree programs, are accredited by an accrediting agency recognized by the United States Department of Education. If the institution is unaccredited and offers an associate, baccalaureate, master's, or doctoral degree, or is accredited and offers an unaccredited program for an associate, baccalaureate, master's, or doctoral degree, the statement shall disclose the known limitations of the degree program, including, but not limited to, all of the following:
- (A) Whether a graduate of the degree program will be eligible to sit for the applicable licensure exam in California and other states or become certified or registered as required for the applicable profession, occupation, trade, or career field in California.
- (B) A degree program that is unaccredited or a degree from an unaccredited institution is not recognized for some employment positions, including, but not limited to, positions with the State of California.
- (C) That a student enrolled in an unaccredited institution is not eligible for federal financial aid programs."
 - 9. Section 94911 of the Education Code states:
 - "An enrollment agreement shall include, at a minimum, all of the following:

(c) In underlined capital letters on the same page of the enrollment agreement in which the student's signature is required, the total charges for the current period of attendance, the estimated total charges for the entire educational program, and the total charges the student is obligated to pay upon enrollment.

(e) (1) A disclosure with a clear and conspicuous caption, 'STUDENT'S RIGHT TO CANCEL,' under which it is explained that the student has the right to cancel the enrollment agreement and obtain a refund of charges paid through attendance at the first class session, or the seventh day after enrollment, whichever is later.

(f) A statement specifying that, if the student obtains a loan to pay for an educational program, the student will have the responsibility to repay the full amount of the loan plus interest, less the amount of any refund.

- (g) A statement specifying that, if the student is eligible for a loan guaranteed by the federal or state government and the student defaults on the loan, both of the following may occur:
- (1) The federal or state government or a loan guarantee agency may take action against the student, including applying any income tax refund to which the person is entitled to reduce the balance owed on the loan.
- (2) The student may not be eligible for any other federal student financial aid at another institution or other government assistance until the loan is repaid.
- (h) The transferability disclosure that is required to be included in the school catalog, as specified in paragraph (15) of subdivision (a) of Section 94909."

REGULATORY PROVISIONS

- 10. California Code of Regulations, title 5, section 71700 states that the bureau may request that an institution document compliance with the standards set forth in the Act and this Division to obtain and maintain an approval to operate.
 - 11. California Code of Regulations, title 5, section 71475 states in pertinent part:
- "(e) The institution shall submit at the time it applies for renewal current financial statements that meet the requirements of section 74115 as follows: (1) for an institution with annual gross revenues of \$500,000 and over, statements shall be audited; (2) for an institution with annual gross revenues less than \$500,000, statements shall be reviewed.
- (kk) An incomplete application filed under this section will render the institution ineligible for renewal."
 - 12. California Code of Regulations, title 5, section 71800(b) states in pertinent:

"In addition to the requirements of section 94911 of the Code, an institution shall provide to each student an enrollment agreement that contains at least the following information:

- (b) Period covered by the enrollment agreement."
- 13. California Code of Regulations, title 5, section 71810 states in pertinent:
- "(b) The catalog shall contain the information prescribed by Section 94909 of the Code and all of the following:
- (3) If the institution admits students from other countries, whether visa services are provided or whether the institution will vouch for student status, and any associated charges;

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- 15. California Code of Regulations, title 5, section 76215(a) states:
- "(a) A qualifying institution shall include the following statement on both its enrollment agreement and school catalog:

'The State of California established the Student Tuition Recovery Fund (STRF) to relieve or mitigate economic loss suffered by a student in an educational program at a qualifying institution, who is or was a California resident while enrolled, or was enrolled in a residency program, if the student enrolled in the institution, prepaid tuition, and suffered an economic loss. Unless relieved of the obligation to do so, you must pay the state-imposed assessment for the STRF, or it must be paid on your behalf, if you are a student in an educational program, who is a California resident, or are enrolled in a residency program, and prepay all or part of your tuition.

You are not eligible for protection from the STRF and you are not required to pay the STRF assessment, if you are not a California resident, or are not enrolled in a residency program.'

(b) In addition to the statement required under subdivision (a) of this section, a qualifying institution shall include the following statement in its school catalog:

'It is important that you keep copies of your enrollment agreement, financial aid documents, receipts, or any other information that documents the amount paid to the school. Questions regarding the STRF may be directed to the Bureau for Private Postsecondary Education, 2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833, (916) 431-6959 or (888) 370-7589.

To be eligible for STRF, you must be a California resident or are enrolled in a residency program, prepaid tuition, paid or deemed to have paid the STRF assessment, and suffered an economic loss as a result of any of the following:

- 1. The institution, a location of the institution, or an educational program offered by the institution was closed or discontinued, and you did not choose to participate in a teach-out plan approved by the Bureau or did not complete a chosen teach-out plan approved by the Bureau.
- 2. You were enrolled at an institution or a location of the institution within the 120 day period before the closure of the institution or location of the institution, or were enrolled in an educational program within the 120 day period before the program was discontinued.

- 3. You were enrolled at an institution or a location of the institution more than 120 days before the closure of the institution or location of the institution, in an educational program offered by the institution as to which the Bureau determined there was a significant decline in the quality or value of the program more than 120 days before closure.
 - 4. The institution has been ordered to pay a refund by the Bureau but has failed to do so.
- 5. The institution has failed to pay or reimburse loan proceeds under a federal student loan program as required by law, or has failed to pay or reimburse proceeds received by the institution in excess of tuition and other costs.
- 6. You have been awarded restitution, a refund, or other monetary award by an arbitrator or court, based on a violation of this chapter by an institution or representative of an institution, but have been unable to collect the award from the institution.
- 7. You sought legal counsel that resulted in the cancellation of one or more of your student loans and have an invoice for services rendered and evidence of the cancellation of the student loan or loans.

To qualify for STRF reimbursement, the application must be received within four (4) years from the date of the action or event that made the student eligible for recovery from STRF.

A student whose loan is revived by a loan holder or debt collector after a period of noncollection may, at any time, file a written application for recovery from STRF for the debt that would have otherwise been eligible for recovery. If it has been more than four (4) years since the action or event that made the student eligible, the student must have filed a written application for recovery within the original four (4) year period, unless the period has been extended by another act of law.

However, no claim can be paid to any student without a social security number or a taxpayer identification number."

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FIRST CAUSE FOR DENIAL OF APPLICATION

(Failure To Include Time Period Covered By Enrollment Agreement)

16. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, section 71800, subdivision (b). In particular, exemplars of student enrollment agreements provided in support of Respondent's application did not contain the time period covered by the enrollment agreement.

SECOND CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Student Tuition Recovery Fund Information)

17. Respondent's application is subject to denial in that exemplars of student enrollment agreements did not contain the required disclosures for the Student Tuition Recovery Fund as provided by California Code of Regulations, title 5, section 76215, subdivisions (a) – (b).

THIRD CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Total Charges For Attendance)

18. Respondent's application is subject to denial in that Respondent failed to comply with California Education Code (Code) section 94911, subdivision (c) in that exemplars of student enrollment agreements did not contain in underlined capital letters, the total charges for the period of attendance, the estimated total charges for the entire educational program and the total charges the student is obligated to pay upon enrollment, on the same page as the student's signature.

FOURTH CAUSE FOR DENIAL OF APPLICATION

(Inadequate 'Student Right To Cancel' Language)

19. Respondent's application is subject to denial in that Respondent failed to comply with California Education Code (Code) section 94911, subdivision (e)(1). Specifically, the

1	student enrollment agreement does not contain the verbatim, required 'Student's Right to Cancel'		
2	disclosure language.		
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4	FIFTH CAUSE FOR DENIAL OF APPLICATION		
5	(Failure To Describe Loan Responsibility)		
6	20. Respondent's application is subject to denial in that Respondent failed to comply		
7	with California Education Code (Code) section 94911, subdivision (f). Specifically, the student		
8	enrollment agreement did not include a statement that if the student obtains a loan to pay for an		
9	educational program, the student is responsible to repay the loan in full, plus interest, less the		
10	amount of any refund.		
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12	SIXTH CAUSE FOR DENIAL OF APPLICATION		
13	(Failure To Describe Consequences Of Loan Default)		
14	21. Respondent's application is subject to denial in that Respondent failed to comply		
15	with California Education Code (Code) section 94911, subdivisions (g)(1) – (g)(2) in that the		
16	student enrollment agreement did not include a statement specifying the consequences of default		
17	on a loan granted by the Federal and State government.		
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19	SEVENTH CAUSE FOR DENIAL OF APPLICATION		
20	(Failure To Include Credit Transfer Disclosures)		
21	22. Respondent's application is subject to denial in that Respondent failed to comply		
22	with California Education Code (Code) section 94911, subdivision (h) and section 94909,		
23	subdivision (a)(15) in that the enrollment agreement did not include the caption, "Notice		
24	Concerning Transferability of Credits and Credentials Earned At Our Institution" followed by the		
25	required transferability disclosures.		
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EIGHTH CAUSE FOR DENIAL OF APPLICATION

(Failure To State The Consequences of Loan Default)

23. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94911, subdivision (g)(2) in that the enrollment agreement did not include a statement specifying that if the student is eligible for a loan guaranteed by the federal of state government and defaults, that the student may not be eligible for any other federal student financial aid at another institution or other government assistance until the loan is paid.

Catalog Violations

NINTH CAUSE FOR DENIAL OF APPLICATION

(Failure To State The Institution Is Private/Bureau Approved)

24. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94909, subdivision (a)(2) and section 94897, subdivisions (i)(1) - (2). Specifically, Respondent's institution catalog did not include the required statement that the institution is private and approved to operate by the Bureau.

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TENTH CAUSE FOR DENIAL OF APPLICATION

(Failure To State Where Classes Will Be Held)

25. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94909, subdivision (a)(4). Specifically, Respondent's institution catalog did not include the address(es) where class sessions will be held.

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ELEVENTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Licensure Requirements)

26. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94909, subdivision (a)(6). Specifically, the institution catalog did not include a notice and a list of the requirements for eligibility for licensure in a profession, occupation, trade or career field for which the program is designed.

TWELFTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Describe Leave-Of-Absence Polices)

27. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94909, subdivision (a)(8)(e) in that the catalog did not include the institution's leave-of-absence policies.

THIRTEENTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Total Charges)

28. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94909, subdivision (a)(9). Specifically, the institution's catalog did not include a schedule of total charges for a period of attendance and an estimated schedule of total charges for the entire educational program.

FOURTEENTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Clarify Policies Regarding Financial Aid)

29. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94909, subdivision (a)(10) in conjunction with California Code of Regulations, title 5, section 71810, subdivision (b)(6) in that Respondent failed to clarify and provide all consumer information pertaining to whether or not it participates in federal and state financial aid programs. Specifically, in one statement, Respondent's catalog indicates that the school does not provide state or federal forms of financial aid, however in another statement, Respondent provides information regarding the availability of financial assistance from the Employment Development Department, Rehabilitation and State Fund – workers compensation.

FIFTEENTH CAUSE FOR DENIAL OF APPLICATION 1 (Failure To Describe Student Loan Responsibility/Refunds) 2 30. Respondent's application is subject to denial in that Respondent failed to comply 3 with Code section 94909, subdivision (a)(11). Specifically, the institution catalog did not include 4 a statement specifying that, if a student obtains a loan to pay for an educational program, the 5 student will have the responsibility to repay the full amount of the loan plus interest, less the 6 amount of any refund, and that, if the student has received federal student financial aid funds, the 7 8 student is entitled to a refund of the moneys not paid from federal student financial aid program funds. 9 10 SIXTEENTH CAUSE FOR DENIAL OF APPLICATION 11 (Failure To Provide Student Tuition Recovery Fund Information) 12 31. Respondent's application is subject to denial in that Respondent failed to comply 13 with Code section 94909, subdivision (a)(14). Specifically, the institution catalog did not include 14 a description of the students' rights and responsibilities with respect to the Student Tuition 15 Recovery Fund. 16 17 SEVENTEENTH CAUSE FOR DENIAL OF APPLICATION 18 (Failure To Include Credit Transfer Disclosures) 19 32. Respondent's application is subject to denial in that Respondent failed to comply 20 with Code section 94911, subdivision (h) and section 94909, subdivision (a)(15) in that the 21 catalog did not include the caption, "Notice Concerning Transferability of Credits and Credentials 22 Earned At Our Institution" followed by the required transferability disclosures. 23

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EIGHTEENTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide A Statement About Accreditation)

33. Respondent's application is subject to denial in that Respondent failed to comply with Code section 94909, subdivision (a)(16) in that the catalog did not include a statement specifying whether or not the institution, or any of its degree programs, are accredited by an accrediting agency recognized by the U.S. Dept. of Education.

NINTEENTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Information About Foreign Student Services)

34. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, section 71810, subdivision (b)(3). Specifically, Respondent's institution catalog failed to contain information for foreign students about whether visa services are provided by the institution or if the institution will vouch for student status, and any associated charges.

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TWENTIETH CAUSE FOR DENIAL OF APPLICATION

(Failure To Describe Facilities, Equipment and Materials)

35. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, section 71810, subdivision (b)(9). Specifically, Respondent's institution catalog failed to include a description of the facilities and type of equipment and materials to be used for instruction.

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TWENTY-FIRST CAUSE FOR DENIAL OF APPLICATION

(Failure To Describe Learning Resources)

36. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, section 71810, subdivision (b)(10). Specifically, Respondent's institution catalog failed to include a description of the library and other learning resources and the procedures for student access to those resources.

TWENTY-SECOND CAUSE FOR DENIAL OF APPLICATION

(Failure To Describe Proximate Housing Accommodations)

37. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, section 71810, subdivision (b)(13)(B). Specifically, Respondent's institution catalog failed to provide information pertaining to the availability of housing located reasonably near the institution and the approximate cost or range of such housing.

TWENTY-THIRD CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Record Retention Policies)

38. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, section 71810, subdivision (b)(15). Specifically, Respondent's catalog failed to provide information about the institution's policies on retention of student records.

TWENTY-FOURTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Record Retention Policies)

39. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, section 71810, subdivision (b)(15). Specifically, Respondent's catalog failed to provide information about the institution's policies on retention of student records.

Financial Resources and Statements

TWENTY-FIFTH CAUSE FOR DENIAL OF APPLICATION

(Failure To Provide Current Financial Statements)

40. Respondent's application is subject to denial in that Respondent failed to comply with California Code of Regulations, title 5, sections 71475, subdivisions (e) and (kk), 71810 and 74115 subdivision (d). Specifically, Respondent failed to provide current financial statements in compliance with statutory requirements.

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PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged, and that following the hearing, the Director of the Department of Consumer Affairs issue a decision:

- 1. Denying the application of Edison Truck and Bus Driving School, Inc., for a Renewal of Approval to Operate a Non-Accredited Institution;
 - 2. Taking such other and further action as deemed necessary and proper.

DATED: ///15/17

DR. MICHAEL MARION, JR.

Bureau Chief

Bureau for Private Postsecondary Education

Department of Consumer Affairs

State of California Complainant