

1 ROB BONTA
Attorney General of California
2 MARICHELLE S. TAHIMIC
Supervising Deputy Attorney General
3 DIANE VON DER AHE
Deputy Attorney General
4 State Bar No. 294767
600 West Broadway, Suite 1800
5 San Diego, CA 92101
P.O. Box 85266
6 San Diego, CA 92186-5266
Telephone: (619) 738-9463
7 Facsimile: (619) 645-2012
E-mail: Diane.VonDerAhe@doj.ca.gov
8 *Attorneys for Complainant*

9
10 **BEFORE THE**
DIRECTOR OF THE DEPARTMENT OF CONSUMER AFFAIRS
11 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**
STATE OF CALIFORNIA

12
13
14 In the Matter of the Accusation Against:

Case No. BPPE23-0163

15 **AMERICAN INSTITUTE OF**
EDUCATION
16 **17632 Irvine Blvd., #215**
Tustin, CA 92780

ACCUSATION

17 **Institution Code No. 1921011**

18 Respondent.

19
20
21
22 **PARTIES**

23 1. Deborah Cochrane (Complainant) brings this Accusation solely in her official
24 capacity as the Chief of the Bureau for Private Postsecondary Education (Bureau), Department of
25 Consumer Affairs.

26 2. On or about December 24, 1991, the Bureau issued Approval to Operate Institution
27 Code Number 1921011 to American Institute of Education (Respondent), owned by Aria
28

1 Holdings and Investments Group, LLC. The Approval to Operate expired on June 29, 2020, and
2 has not been renewed.

3 **JURISDICTION**

4 3. This Accusation is brought before the Director of the Department of Consumer
5 Affairs (Director) for the Bureau for Private Postsecondary Education, under the authority of the
6 following laws. All section references are to the Education Code (Code) unless otherwise
7 indicated.

8 4. Section 94932 of the Code states:

9 The bureau shall determine an institution’s compliance with the requirements of
10 this chapter. The bureau shall have the power to require reports that institutions shall
11 file with the bureau in addition to the annual report, to send staff to an institution’s
12 sites, and to require documents and responses from an institution to monitor
13 compliance. When the bureau has reason to believe that an institution may be out of
14 compliance, it shall conduct an investigation of the institution. If the bureau
15 determines, after completing an investigation, that an institution has violated any
16 applicable law or regulation, the bureau shall take appropriate action pursuant to this
17 article.

18 5. Section 22 of the Business and Professions Code states:

19 “Board” as used in any provisions of this code, refers to the board in which the
20 administration of the provision is vested, and unless otherwise expressly provided,
21 shall include “bureau,” “commission,” “committee,” “department,” “division,”
22 “examining committee,” “program,” and “agency.”

23 6. Business and Professions Code section 23.7 states, “Unless otherwise expressly
24 provided, “license” means license, certificate, registration, or other means to engage in a business
25 or profession regulated by this code or referred to in Section 1000 or 3600.”

26 **STATUTORY PROVISIONS**

27 7. Section 94898 of the Code states in relevant part:

28 ...

(b) After a student has enrolled in an educational program, the institution shall
not do either of the following:

(1) Make any unscheduled suspension of any class unless caused by
circumstances beyond the institution’s control.

(2) Change the day or time during the period of attendance in which any
class is offered to a day when the student is not scheduled to attend the
institution or to a time that is outside of the range of time that the student is

1 scheduled to attend the institution on the day for which the change is proposed
2 unless at least 90 percent of the students who are enrolled consent to the change
3 and the institution offers full refunds to the students who do not consent to the
4 change. For the purpose of this paragraph, range of time means the period
5 beginning with the time at which the student's first scheduled class session for
6 the day is set to start and ending with the time the student's last scheduled class
7 session for that day is set to finish.

8 ...

9 8. Section 94936 of the Code states:

10 (a) As a consequence of an investigation, which may incorporate any materials
11 obtained or produced in connection with a compliance inspection, and upon a finding that
12 the institution has committed a violation of this chapter or that the institution has failed to
13 comply with a notice to comply pursuant to Section 94935, the bureau shall issue a citation
14 to an institution for violation of this chapter, or regulations adopted pursuant to this chapter.

15 (b) The citation may contain any of the following:

16 (1) An order of abatement that may require an institution to demonstrate how
17 future compliance with this chapter or regulations adopted pursuant to this chapter
18 will be accomplished.

19 (2) Notwithstanding Section 125.9 of the Business and Professions Code, an
20 administrative fine not to exceed five thousand dollars (\$5,000) for each violation...

21 9. Section 94937 of the Code states:

22 (a) As a consequence of an investigation, which may incorporate any materials
23 obtained or produced in connection with a compliance inspection, and upon a finding that
24 an institution has committed a violation, the bureau may place an institution on probation or
25 may suspend or revoke an institution's approval to operate for:

26 ...

27 (2) A material violation or repeated violations of this chapter or regulations
28 adopted pursuant to this chapter that have resulted, or may result, in harm to
students. For purposes of this paragraph, "material violation" includes, but is not
limited to, misrepresentation, fraud in the inducement of a contract, and false or
misleading claims or advertising, upon which a student reasonably relied in
executing an enrollment agreement and that resulted, or may result, in harm to the
student.

(b) The bureau shall adopt regulations, within one year of the enactment of this
chapter, governing probation and suspension of an approval to operate.

(c) The bureau may seek reimbursement pursuant to Section 125.3 of the Business
and Professions Code.

1 (d) An institution shall not be required to pay the cost of investigation to more than
2 one agency.

3 **REGULATORY PROVISIONS**

4 10. Title 5, CCR, section 71700 (Regulation 71700) states “the Bureau may request that
5 an institution document compliance with the standards set forth in the Act and this Division to
6 obtain and maintain an approval to operate.”

7 11. Title 5, CCR, section 71745 (Regulation 71745) states:

8 (a) The institution shall document that it has at all times sufficient assets and
9 financial resources to do all of the following:

10 (1) Provide all of the educational programs that the institution represented
11 it would provide.

12 (2) Ensure that all students admitted to its educational programs have a
13 reasonable opportunity to complete the programs and obtain their degrees or
14 diplomas.

15 ...

16 (4) Pay timely refunds as required by Article 13 of the Act.

17 (5) Pay all operating expenses due within 30 days.

18 (6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or
19 greater at the end of the most recent fiscal year when using generally accepted
20 accounting principles, or for an institution participating in Title IV of the federal
21 Higher Education Act of 1965, meet the composite score requirements of the U.S.
22 Department of Education. For the purposes of this section, current assets does not
23 include: intangible assets, including goodwill, going concern value, organization
24 expense, startup costs, long-term prepayment of deferred charges, and non-
25 returnable deposits, or state or federal grant or loan funds that are not the property
26 of the institution but are held for future disbursement for the benefit of students.
27 Unearned tuition shall be accounted for in accordance with general accepted
28 accounting principles.

...

12. Title 5, CCR, section 71750 (Regulation 71750) states in relevant part:

...

1 (e) An institution shall refund any credit balance on the student's account within 45
2 days after the date of the student's completion of, or withdrawal from, the educational
3 program in which the student was enrolled. For purposes of this subdivision and section
4 94919(d) of the Code, "day" means calendar day.

5 ...

6 13. Title 5, CCR, section 71930 (Regulation 71930) states in relevant part:

7 ...

8 (e) All records that the institution is required to maintain by the Act or this chapter
9 shall be made immediately available by the institution for inspection and copying during
10 normal business hours by the Bureau and any entity authorized to conduct investigation.

11 14. Title 5, CCR, section 74115 (Regulation 74115) states in relevant part:

12 ...

13 (b) A set of financial statements shall contain, at a minimum, a balance sheet, an
14 income statement, and a cash flow statement, and the preparation of financial statements,
15 shall comply with all of the following:

16 (1) Audited and reviewed financial statements shall be conducted and prepared
17 in accordance with the generally accepted accounting principles established by the
18 American Institute of Certified Public Accountants by an independent certified public
19 accountant who is not an employee, officer, or corporate director or member of the
20 governing board of the institution.

21 ...

22 **COST RECOVERY**

23 15. Section 125.3 of the Code provides, in pertinent part, that the Board may request the
24 administrative law judge to direct a licensee found to have committed a violation or violations of
25 the licensing act to pay a sum not to exceed the reasonable costs of the investigation and
26 enforcement of the case, with failure of the licensee to comply subjecting the license to not being
27 renewed or reinstated. If a case settles, recovery of investigation and enforcement costs may be
28 included in a stipulated settlement.

29 **FACTUAL ALLEGATIONS**

30 16. Between February 2023 and June 2023, the Bureau received multiple complaints
31 from students of Respondent institution that it had suddenly ceased providing classes in February

1 2023. Students could not access the premises, although some were still being charged tuition.
2 The complaints further alleged that when Respondent re-opened in April 2023, it reduced class
3 hours and class days from five days per week to two. Students AA, PK, and CM, who withdrew
4 from the school, were not issued refunds within forty-five days.

5 17. The Bureau requested audited financial statements from Respondent for 2021 and
6 2022. On May 26, 2023, the Bureau received an unaudited financial statement from the
7 institution. As of the time of this filing, no audited financial statement has been received by the
8 Bureau for 2021 and 2022.

9 18. On June 7, 2023, a Bureau representative conducted a site visit. R.R., who was hired
10 to bring Respondent into solvency and keep it open, met with the Bureau representative on behalf
11 of Respondent, and confirmed that classes temporarily stopped and then were reduced from five
12 to two days. R.R. acknowledged the institution's financial issues, including: Respondent ceased
13 providing classes between February 2023 and April 2023 due to insufficient cash flow;
14 Respondent re-opened with reduced days and hours of instruction due to insufficient cash flow;
15 Respondent was unable to pay refunds owed to students due to insufficient cash flow, and in fact,
16 did not pay refunds owed to at least three students within forty-five days of withdrawal as
17 required; and, Respondent was incapable of paying its operating expenses, such as money owed
18 to its accountant or to the Bureau, within thirty days.

19 19. The Bureau representative requested to review student records, but Respondent was
20 unable to make student records immediately available during the inspection.

21 **FIRST CAUSE FOR DISCIPLINE**

22 **(Unscheduled Suspension of Classes, Change of Class Day and/or Time)**

23 20. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
24 conjunction with Code section 94898(b) in that it abruptly ceased providing classes and then re-
25 opened with reduced instruction days, as more fully set forth above.

26 ///

27 ///

28 ///

1 **SECOND CAUSE FOR DISCIPLINE**

2 **(Audited Financial Statements)**

3 21. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
4 conjunction with Regulation 74115, subdivision (b)(1), in that Respondent failed to provide an
5 audited Financial Statement to the Bureau, as more fully set forth above.

6 **THIRD CAUSE FOR DISCIPLINE**

7 **(Insufficient Financial Resources)**

8 22. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
9 conjunction with Regulation 71745, subdivisions (a)(1), (a)(2), (a)(4), and (a)(5), in that
10 Respondent failed to maintain sufficient finances to operate, as more fully set forth above.

11 **FOURTH CAUSE FOR DISCIPLINE**

12 **(Withdrawals and Refunds)**

13 23. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
14 conjunction with Regulation 71750, in that it failed to provide refunds to at least three students
15 within forty-five days of withdrawal, as more fully set forth above.

16 **FIFTH CAUSE FOR DISCIPLINE**

17 **(Maintenance of Records)**

18 24. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
19 conjunction with Regulation 71930, in that Respondent failed to make student records
20 immediately available to the Bureau representative upon request.

21 **SIXTH CAUSE FOR DISCIPLINE**

22 **(Failure to Comply with Citation No. 2324170)**

23 25. Respondent is subject to disciplinary action under Code section 94936, in conjunction
24 with Regulation 75050, subdivision (b), in that Respondent failed to comply with Citation No.
25 2324170 issued to Respondent on February 27, 2024. The circumstances are as follows:

26 26. The Bureau issued Citation No. 2324170 after Respondent failed to submit
27 components of the 2022 Annual Report, which was due to the Bureau by December 1, 2023. The
28 citation included a \$2,501.00 administrative fine and an Order of Abatement to submit the

1 missing components of the 2022 Annual Report. Compliance with the citation was due thirty
2 days from the date of issuance of the citation. Respondent did not appeal the Citation. The
3 Bureau mailed demand letters for payment of the administrative fine and compliance with the
4 Order of Abatement on April 10, 2024, May 15, 2024, and July 8, 2024. To date, Respondent has
5 not complied with Citation No. 2324170.

6 **SEVENTH CAUSE FOR DISCIPLINE**

7 **(Failure to Comply with Citation No. 23240281)**

8 27. Respondent is subject to disciplinary action under Code section 94936, in conjunction
9 with Regulation 75050, subdivision (b), in that Respondent failed to comply with Citation No.
10 23240281 issued to Respondent on June 20, 2024. The circumstances are as follows:

11 28. The Bureau issued Citation No. 23240281 after Respondent: 1) failed to produce
12 records to the Bureau upon request, and 2) failed to comply with a Notice to Comply issued for
13 violations of regulations pertaining to website and catalog requirements. The Bureau issued an
14 administrative fine of \$3,001.00 and included Orders of Abatement to submit proof of compliance
15 with the regulations at issue. The Respondent did not appeal the Citation. To date, Respondent
16 has not to complied with Citation 23240281.

17 **PRAYER**

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

21 1. Revoking or suspending Approval to Operate Institution Code Number 1921011,
22 issued to American Institute of Education, owned by Aria Holdings and Investments Group, LLC;

23 2. Ordering American Institute of Education, owned by Aria Holdings and Investments
24 Group, LLC, to pay the Bureau for Private Postsecondary Education the reasonable costs of the
25 investigation and enforcement of this case, pursuant to Business and Professions Code section
26 125.3; and,

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

3. Taking such other and further action as deemed necessary and proper.

DATED: 1/17/2025

"Original Signature on File"

DEBORAH COCHRANE
Chief
Bureau for Private Postsecondary
Education
Department of Consumer Affairs
State of California
Complainant

SD2024802556
84839261.docx