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**BEFORE THE
DEPARTMENT OF CONSUMER AFFAIRS
FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

**CALIFORNIA SOUTH BAY
UNIVERSITY
577 Salmar Avenue Suite 120
Campbell, CA 95008**

Approval to Operate No. 13317491

Respondent.

Case No. BPPE24-0120

DEFAULT DECISION AND ORDER

[Gov. Code, §11520]

FINDINGS OF FACT

1. On or about July 17, 2024, Complainant Deborah Cochrane, in her official capacity as the Chief of the Bureau for Private Postsecondary Education, Department of Consumer Affairs, filed Accusation No. BPPE24-0120 against California South Bay University (Respondent), owned by California South Bay University Inc., before the Director of the Department of Consumer Affairs. (Accusation attached as Exhibit A.)
2. On or about June 17, 2016, the Bureau for Private Postsecondary Education (Bureau) issued Approval to Operate No. 13317491 to Respondent. The Approval to Operate expired on June 17, 2021, and has not been renewed.
3. On or about July 19, 2024, Respondent was served by Certified and First Class Mail

1 copies of the Accusation No. BPPE24-0120, Statement to Respondent, Notice of Defense,
2 Request for Discovery, and Discovery Statutes (Government Code sections 11507.5, 11507.6,
3 and 11507.7) at Respondent's address of record which was and is:

4 577 Salmar Avenue Suite 120
5 Campbell, CA 95008

6 4. Service of the Accusation was effective as a matter of law under the provisions of
7 Government Code section 11505, subdivision (c) and/or Business and Professions Code section
8 124.

9 5. Government Code section 11506, subdivision (c) states, in pertinent part:

10 The respondent shall be entitled to a hearing on the merits if the respondent
11 files a notice of defense . . . and the notice shall be deemed a specific denial of all
12 parts of the accusation . . . not expressly admitted. Failure to file a notice of defense
13 . . . shall constitute a waiver of respondent's right to a hearing, but the agency in its
14 discretion may nevertheless grant a hearing.

15 6. The Bureau takes official notice of its records and the fact that Respondent failed to
16 file a Notice of Defense within 15 days after service upon them of the Accusation, and therefore
17 waived their right to a hearing on the merits of Accusation No. BPPE24-0120.

18 7. California Government Code section 11520, subdivision (a) states, in pertinent part:

19 If the respondent either fails to file a notice of defense . . . or to appear at the
20 hearing, the agency may take action based upon the respondent's express admissions
21 or upon other evidence and affidavits may be used as evidence without any notice to
22 respondent

23 8. Pursuant to its authority under Government Code section 11520, the Director finds
24 Respondent is in default. The Director will take action without further hearing and, based on the
25 relevant evidence contained in the Default Decision Investigatory Evidence Packet in this matter,
26 finds that the charges and allegations in Accusation No. BPPE24-0120, are separately and
27 severally, found to be true and correct by clear and convincing evidence.

28 9. The Director finds that the actual costs for Investigation and Enforcement are
\$3,519.50 as of August 8, 2024.

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DETERMINATION OF ISSUES

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2 1. Based on the foregoing findings of fact, Respondent California South Bay University,
3 owned by California South Bay University Inc., has subjected its Approval to Operate No.
4 13317491 to discipline.

5 2. The agency has jurisdiction to adjudicate this case by default.

6 3. The Director of the Department of Consumer Affairs is authorized to revoke
7 Respondent’s Approval to Operate based upon the following violations alleged in the Accusation
8 which are supported by the evidence contained in the Default Decision Investigatory Evidence
9 Packet in this case:

10 a. Failure to comply with Citation and Order of Abatement No. 2223121 in violation of
11 Title 5, California Code of Regulations, section 75050, subdivision (b);

12 b. Failure to comply with Citation and Order of Abatement No. 2324093 in violation of
13 Title 5, California Code of Regulations, section 75050, subdivision (b);

14 c. Failure to comply with unannounced inspection on November 28, 2023, in violation
15 of Education Code sections 94932 and 94932.5, subdivision (a); and

16 d. Failure to make records available during the Bureau’s November 28, 2023 inspection
17 in violation of Title 5, California Code of Regulations, section 71930, subdivision (e).

ORDER

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19 IT IS SO ORDERED that Approval to Operate Institution Code No. 13317491, issued to
20 Respondent California South Bay University, owned by California South Bay University Inc., is
21 revoked.

22 Pursuant to Government Code section 11520, subdivision (c), Respondent may serve a
23 written motion requesting that the Decision be vacated and stating the grounds relied on within

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1 seven (7) days after service of the Decision on Respondent. The agency in its discretion may
2 vacate the Decision and grant a hearing on a showing of good cause, as defined in the statute.

3 This Decision shall become effective on October 23, 2024.

4 It is so ORDERED September 19, 2024

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"Original Signature on File"

RYAN MARCROFT
DEPUTY DIRECTOR
LEGAL AFFAIRS DIVISION
DEPARTMENT OF CONSUMER AFFAIRS

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10 91867837.DOCX
DOJ Matter ID:OK2024900100

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Attachment:
Exhibit A: Accusation

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Exhibit A

Accusation

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2 DIANN SOKOLOFF
Supervising Deputy Attorney General
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Attorneys for Complainant
8

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

12 In the Matter of the Accusation Against:	Case No. BPPE24-0120
13 CALIFORNIA SOUTH BAY	ACCUSATION
14 UNIVERSITY	
15 577 Salmar Avenue Suite 120	
16 Campbell, CA 95008	
17 Approval to Operate No. 13317491	
Respondent.	

18 **PARTIES**

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

22 2. On or about June 17, 2016, the Bureau issued Approval to Operate Number 13317491
23 to California South Bay University (Respondent), owned by California South Bay University Inc.
24 The Approval to Operate expired on June 17, 2021, and has not been renewed. An application for
25 Renewal of Approval to Operate the Institution is pending with the Bureau.

26 **JURISDICTION**

27 3. This Accusation is brought before the Director of the Department of Consumer
28 Affairs (Director) for the Bureau, under the authority of the following laws. All section

1 references are to the Education Code (Code) unless otherwise indicated.

2 4. Business and Professions Code section 118, subdivision (b), provides that the
3 suspension, expiration, surrender, or cancellation of a license shall not deprive the Bureau of
4 jurisdiction to proceed with a disciplinary action during the period within which the license may
5 be renewed, restored, reissued or reinstated.

6 5. Section 94875 provides that the Bureau shall regulate private postsecondary
7 educational institutions.

8 6. Section 94877 states, in relevant part, that:

9 (a) The bureau shall adopt and shall enforce regulations to implement this chapter
10 pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section
11 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

12 (b) The bureau shall develop and implement an enforcement program, pursuant to
13 Article 18 (commencing with Section 94932) to implement this chapter . . .

13 **STATUTORY PROVISIONS**

14 7. Section 94932 states:

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

24 8. Section 94932.5, subdivision (a) states: “As part of its compliance program, the
25 bureau shall perform announced and unannounced inspections of institutions at least every five
26 years.”

23 **REGULATORY PROVISIONS**

24 9. Title 5, California Code of Regulations, section 71930, subdivision (e) states: “All
25 records that the institution is required to maintain by the Act or this chapter shall be made
26 immediately available by the institution for inspection and copying during normal business hours
27 by the Bureau and any entity authorized to conduct investigations.”

28 10. Title 5, California Code of Regulations, section 75050, subdivision (b) states:

1 “Failure of an applicant or institution issued an approval to operate to abate the violation or to pay
2 the fine within the time allowed is a ground for denial or discipline of an approval to operate.”

3 11. Title 5, California Code of Regulations, section 76130 states:

4 (a)(1) A qualifying institution shall collect the assessment from each student in an
5 educational program at the time it collects the first payment from or on behalf of the
6 student at or after enrollment. The assessment shall be collected for the entire period of
7 enrollment, regardless of whether the student pays the institutional charges in increments.

8 (2) The assessment to be collected from a re-enrolling student shall be limited to any
9 amount that is due after crediting any prior assessment amount paid by the student. The
10 enrollment agreement shall clearly identify any prior STRF assessment paid by the student.

11 (b) A qualifying institution shall complete the STRF Assessment report and remit it
12 with the STRF assessments collected from students to be received by the Bureau no later
13 than the last day of the month following the close of the quarter as follows:

- 14 (1) April 30 for the first quarter,
- 15 (2) July 31 for the second quarter,
- 16 (3) October 31 for the third quarter, and
- 17 (4) January 31 for the fourth quarter.

18 If the due date falls on a Saturday, Sunday, or State or federal holiday, the due date
19 shall be extended to the next regular business day for the Bureau.

20 (c) The STRF Assessment report shall contain the following information:

- 21 (1) Total number of students who signed enrollment agreements for educational
22 programs during the reporting period; and
- 23 (2) Total number of students eligible for STRF who signed enrollment agreements for
24 educational programs during the reporting period; and
- 25 (3) The total number of students who signed their enrollment agreement during the
26 reporting period, were eligible for STRF, and who made their first payment during the
27 reporting period; and
- 28 (4) The total number of students who signed their enrollment agreement in a previous
reporting period, were eligible for STRF, and who made their first payment during the
current reporting period; and
- (5) Total amount of institutional charges after rounding each student's institutional
charges to the nearest \$1,000, for all eligible STRF students whose STRF assessment was
collected in the reporting period; and
- (6) Current contact telephone number of the person preparing the form; and
- (7) A declaration dated and signed under penalty of perjury by the person preparing
the form that the form and any attachments are true and correct.

1 (d) In the event of a school closure, any collected assessments shall be remitted to the
Bureau within seven days following the cessation of instruction.

2 (e) Submission of all prior reports and assessments required by this section is a
3 condition of renewal.

4 **COST RECOVERY**

5 12. Section 94937, subdivision (d), provides that the Bureau may seek reimbursement
6 costs of investigation and enforcement pursuant Business and Professions Code section 125.3.

7 13. Business and Professions Code section 125.3 provides, in pertinent part, that the
8 Board may request the administrative law judge to direct a licentiate found to have committed a
9 violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the
10 investigation and enforcement of the case, with failure of the licentiate to comply subjecting the
11 license to not being renewed or reinstated. If a case settles, recovery of investigation and
12 enforcement costs may be included in a stipulated settlement.

13 **FIRST CAUSE FOR DISCIPLINE**

14 (Failure to Comply with Citation No. 2223121)

15 14. Respondent's approval to operate is subject to disciplinary action under Title 5,
16 California Code of Regulations, section 75050, subdivision (b), in that it failed to comply with
17 Citation and Order of Abatement No. 2223121. The circumstances are as follows:

- 18 a. On April 7, 2023, the Bureau issued Citation No. 2223121 to Respondent for failure
19 to submit the Student Tuition Recovery Fund (STRF) Assessment Reporting Forms
20 and pay any applicable fees as required for the second, third, and fourth quarter
21 reporting periods of 2022 as well as failure to pay its annual fee and 90-day late
22 payment penalty fee for the 2022 calendar year.
- 23 b. The Bureau issued an administrative fine of \$1,002.00 and ordered Respondent to
24 submit the required Order of Abatement items. Respondent did not appeal the
25 Citation.
- 26 c. The Bureau mailed demand letters for payment of the administrative fine and
27 compliance with the orders of abatement on June 5, 2023, July 26, 2023, and
28 September 7, 2023, respectively.

1 15. To date, Respondent has failed to comply with Citation No. 2223121.

2 **SECOND CAUSE FOR DISCIPLINE**
3 (Failure to Comply with Citation No. 2324093)

4 16. Respondent's approval to operate is subject to disciplinary action under Title 5,
5 California Code of Regulations, section 75050, subdivision (b), in that Respondent failed to
6 comply with Citation and Order of Abatement No. 2324093. The circumstances are as follows:

- 7 a. On October 12, 2023, the Bureau issued Citation 2324093 to Respondent for failure
8 to submit the STRF Assessment Reporting Forms and pay any applicable fees as
9 required for the first and second quarter reporting period of 2023 as well as failure to
10 pay its annual fee and 90-day late payment penalty fee for the 2023 calendar year.
11 b. The Bureau issued an administrative fine of \$2,000.00 and ordered Respondent to
12 submit the required Order of Abatement items. The Respondent did not appeal the
13 Citation.

14 17. To date, Respondent has failed to comply with Citation No. 2324093.

15 **THIRD CAUSE FOR DISCIPLINE**
16 (Failure to Comply with Inspection)

17 18. Respondent's approval to operate is subject to disciplinary action under Code sections
18 94932 and 94932.5, subdivision (a) in that it failed to comply with an unannounced inspection.

19 The circumstances are as follows:

- 20 a. On November 28, 2023, the Bureau's Compliance Unit attempted to conduct an
21 unannounced inspection at Respondent's premises, located at 577 Salmar Avenue
22 Suite 120, Campbell, CA 95008. On arrival, the Bureau's Compliance Inspector
23 found the building empty. When she questioned a security guard, the Bureau's
24 Compliance Inspection was told that the school was closed and the building vacated a
25 year ago. As a result, the Bureau was unable to conduct the unannounced compliance
26 inspection.

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FOURTH CAUSE FOR DISCIPLINE
(Failure to Make Records Available During Inspection)

19. Respondent’s approval to operate is subject to disciplinary action under Title 5, California Code of Regulations, section 71930, subdivision (e) in that it failed to make its records available for inspection during the Bureau’s November 28, 2023, unannounced inspection.

DISCIPLINE CONSIDERATION

20. To determine the degree of discipline, if any, to be imposed on Respondent, Complainant alleges that on or about July 14, 2021, in a prior action, the Bureau for Private Postsecondary Education issued its Order Suspending Approval to Operate Degree Granting Programs Number 1006766 and suspended all of the institution’s degree programs. Respondent was ordered to:

- a. Immediately cease enrolling new students in all degree programs;
- b. Submit a degree program closure plan; and
- c. Notify all currently enrolled students in writing within five (5) business days of the effective date of the Order: (1) that the institution has received a notice of suspension; (2) availability and details of a teach out plan; and (3) the right to receive a refund in lieu of participating in the teach out plan.

21. Respondent was instructed that it must provide refunds within 45 days of request by a student.

22. Respondent was advised that failure to comply with the requirements of the order would be considered a violation and subject Respondent to action by the Bureau.

23. Respondent did not appeal the Suspension Order.

PRAYER

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

1. Revoking or suspending Approval to Operate Number 13317491, issued to California South Bay University, owned by California South Bay University, Inc.;

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2. Ordering California South Bay University to pay the Bureau for Private Postsecondary Education the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 125.3; and,

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

DATED: 7/17/2024

"Original Signature on File"

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

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