



Bureau for Private Postsecondary Education
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CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: Duncan Logan
Karl Knight
Rocket Space, Inc.
225 Bush Street
San Francisco, CA 94104

180 Sansome Street
San Francisco, CA 94104

INSTITUTION CODE: unapproved
CITATION NUMBER: 1415053
CITATION ISSUANCE/SERVICE DATE: May 6, 2015
DUE DATE: June 5, 2015
FINE AMOUNT: \$ 50,000.00
ORDER OF ABATEMENT INCLUDED: YES

Yvette Johnson issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Enforcement Chief of the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Duncan Logan and Karl Knight, Owners of Rocket Space, Inc. (Institution) located at 225 Bush Street, San Francisco, CA 94104 and 180 Sansome Street, San Francisco, CA 94104 pursuant to Business and Professions Code section 148; California Education Code (CEC) §94944; and Title 5 of the California Code of Regulations (5 CCR) §75020 for the violation(s) described below.

VIOLATION

Table with 2 columns: # and description of violation. Row 1: The California Education Code (CEC) and the California Code of Regulations (CCR). Below you will find the code section(s) of law you are charged with violating. Row 2: Violation: CEC 94886 - Approval to Operate required. Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with Section 94802), a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter.

On 1/31/14, the Bureau received a complaint alleging Rocket Space, Inc. located at 225 Bush Street, San Francisco, CA 94104 and 180 Sansome Street, San Francisco, CA 94104 was operating a private postsecondary institution that did not have Bureau approval.

On 2/4/14, Bureau staff mailed the "Operating Educational Institution without Proper Approval" letter to Duncan Logan and Karl Knight, owners of Rocket Space, Inc.

On 2/11/14, 4/9/14, 4/11/14 and 6/10/14, telephone conversations and emails were exchanged between Bureau staff and Karl Knight regarding the completion of an application for approval to operate.

On 2/11/14 Bureau staff notified Karl Knight that Rocket Space had until 3/12/14 to submit an application.

On 4/11/14 Karl Knight informed Bureau staff that Rocket Space's application was being finalized and would be submitted by employee N.A.

On 6/10/14, Karl Knight informed Bureau staff, via email that the application was still in progress.

On 2/9/15, Bureau staff mailed another "Operating Educational Institution without Proper Approval" letter to Karl Knight via certified and regular mail. The letter stated that the Bureau has evidence that Rocket Space, Inc. is advertising as a private postsecondary educational institution. It also stated that Rocket Space, Inc. must cease operations until it is approved by the Bureau. The institution was to submit an application for approval to operate within thirty days of the date of the letter.

On 2/20/15, Bureau staff received an email and certified letter from Duncan Logan, informing the Bureau that he is awaiting the outcome of the Bureau's task force to determine if he needed to comply by filing an application. On 3/12/15, Mr. Logan was informed that the Bureau's task force had no bearing on the law.

On 3/18/15, Bureau staff received a letter from Karl Knight stating that the institution has begun the application for approval to operate and that he will have it submitted by the end of April 2015.

On 4/16/15, Bureau staff researched the institution's website and found Rocket Space Inc. is offering Python Developer Bootcamp registration for three month programs for \$12,500.00.

The investigation and supporting evidence reveals that Rocket Space, Inc. is operating without Bureau approval. Rocket Space, Inc. continues to maintain a website at rocketspace.com and advertise courses for \$12,500. Rocket Space, Inc. has failed to comply with letters sent by the Bureau on 2/4/14 and 2/9/15 that requested the institution submit an application for approval to operate. To date the institution has failed to submit an application for approval to operate.

Order of Abatement:

The Bureau orders that the institution cease to operate immediately until such time that an approval to operate has been obtained from the Bureau. In accordance with CEC 94926, the institution must file a school closure plan with the Bureau.

Assessment of Fine

The fine for this violation is \$50,000.00

TOTAL ADMINISTRATIVE FINE DUE: \$50,000.00

ASSESSMENT OF A FINE

In accordance with CEC section 94944; and 5 CCR section 75020(b), the Bureau hereby orders this assessment of a fine in the amount of **\$50,000.00** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

ORDER OF ABATEMENT

In accordance with the provisions of CEC Section 94936 and 5 CCR Section 75020 the Bureau hereby issues the order(s) of abatement described above. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

BACKGROUND

On 1/31/14, the Bureau received a complaint alleging Rocket Space, Inc. was operating without Bureau approval. On 2/4/14, Bureau staff mailed the "Operating Educational Institution without Proper Approval" letter to Duncan Logan and Karl Knight, owners of Rocket Space, Inc. On 2/11/14, Bureau staff spoke with Karl Knight via telephone. Karl Knight stated that he wanted to comply with Bureau regulations and that he had every intention of filing what he needed to. Karl Knight requested a month to complete the application for approval to operate and Bureau staff agreed. The application was to be completed and submitted to the Bureau by 3/12/14.

Bureau staff and the owners of Rocket Space, Inc., Karl Knight and Duncan Logan, have been in communication regarding the operating status of Rocket Space Inc. for over a year.

The owners of Rocket Space Inc., have delayed the submission of an application for approval to operate and continue to operate Rocket Space Inc., in violation of the California Education Code. Evidence collected during the investigation demonstrates that Rocket Space Inc., is operating as an unapproved institution and that it offers a Python Developer Bootcamp program for \$12,500.

On 3/18/15, Bureau staff received correspondence from owner Karl Knight stating they had begun the application for approval to operate and would have it submitted by the end of April. To date the institution has failed to submit an application for approval to operate.

APPEAL OF CITATION

You have the right to contest this Citation through an informal conference with the Bureau; and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference and/or Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference and/or an administrative*

hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.

Unless a written request for an informal conference and/or an administrative hearing is signed by you and delivered to the Bureau by **June 5, 2015**, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **May 6, 2015**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **June 5, 2016**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.

Payment of the administrative fine and/or written request for appeal must be mailed to:

Jody Wright, Discipline Citation Program
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Jody Wright, Enforcement Analyst, at 916-431-6940 or Jody.Wright@dca.ca.gov.



Yvette Johnson
Enforcement Chief

May 6, 2015

Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine - Waiver of Appeal
- Declaration of Service by Certified and First Class Mail