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7
8 **BEFORE THE**
DEPARTMENT OF CONSUMER AFFAIRS
9 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Statement of Issues
Against:

Case No. 1001140

12 **PACIFIC BEAUTY COLLEGE OF LOS**
13 **ANGELES; MARGARET A GOINES,**
14 **OWNER**

STATEMENT OF ISSUES

15 **Application for Renewal of Approval to**
16 **Operate an Institution Non-Accredited**
Applicant

17 **Institution Code: 1906931**

18 Respondent.

19
20
21 Complainant alleges:

22 **PARTIES**

23 1. Joanne Wenzel (Complainant) brings this Statement of Issues 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 May 31, 2012, the Bureau for Private Postsecondary Education received
27 an application for Renewal of Approval to Operate an Institution Non-Accredited from Pacific
28 Beauty College of Los Angeles; Margaret A Goines, Owner (Respondent). Margaret A. Goines

1 certified under penalty of perjury to the truthfulness of all statements, answers, and
2 representations in the application. The Bureau denied the application on November 12, 2015.

3 APPLICANT'S LICENSE HISTORY

4 3. On or about May 31, 2012, the Bureau received an Application for Renewal of
5 Approval to Operate an Institution Non-Accredited (Application Number 24880) from
6 Respondent.

7 4. On or about June 8, 2012, the Bureau issued a deficiency letter to Respondent. On or
8 about September 21, 2012, the Bureau received a response from Respondent.

9 5. On or about September 21, 2015, the Bureau sent a deficiency letter to Respondent.
10 On or about October 26, 2015, the Bureau received a response from Respondent.

11 6. On or about November 12, 2015, the Bureau sent Respondent a "Notice of Denial"
12 letter.

13 7. On or about November 30, 2015, Respondent sent the Bureau a letter requesting an
14 administrative hearing.

15 JURISDICTION

16 8. This Statement of Issues is brought before the Director of the Department of
17 Consumer Affairs (Director) for the Bureau, under the authority of the following laws. All
18 section references are to the Education Code unless otherwise indicated.

19 STATUTORY PROVISIONS¹

20 9. Business and Professions Code section 22 defines the term "board" to include
21 "bureau."

22 10. Section 94891, subdivision (b) of the Education Code states:

23 "(b) To be granted a renewal of an approval to operate, the institution shall demonstrate its
24 continued capacity to meet the minimum operating standards."

25 11. Section 94906, subdivision (a) of the Education Code states:

26
27 ¹ California Private Postsecondary Education Act of 2009, Ed. Code § 94880, et. seq. was
28 recently amended, effective January 1, 2015. (See Senate Bill No. 1247).

1 “(a) An enrollment agreement shall be written in language that is easily understood. If
2 English is not the student's primary language, and the student is unable to understand the terms
3 and conditions of the enrollment agreement, the student shall have the right to obtain a clear
4 explanation of the terms and conditions and all cancellation and refund policies in his or her
5 primary language.”

6 12. Section 94908 of the Education Code states:

7 “(Any information or statement required by this article to be included in the catalog, School
8 Performance Fact Sheet, or enrollment agreement shall be printed in at least the same size font as
9 the majority of the text in that document.”

10 13. Section 94911 of the Education Code states in relevant part:

11 "An enrollment agreement shall include, at a minimum, all of the following:

12 ***

13 "(b) A schedule of total charges, including a list of any charges that are nonrefundable and
14 the student's obligations to the Student Tuition Recovery Fund, clearly identified as
15 nonrefundable charges.

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

20 "(d) A clear and conspicuous statement that the enrollment agreement is legally binding
21 when signed by the student and accepted by the institution.

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

26 "(2) The disclosure shall contain the institution's refund policy and a statement that, if the
27 student has received federal student financial aid funds, the student is entitled to a refund of
28 moneys not paid from federal student financial aid program funds.

1 "(3) The text shall also include a description of the procedures that a student is required to
2 follow to cancel the enrollment agreement or withdraw from the institution and obtain a refund.

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

6 "(g) A statement specifying that, if the student is eligible for a loan guaranteed by the
7 federal or state government and the student defaults on the loan, both of the following may occur:

8 "(1) The federal or state government or a loan guarantee agency may take action against the
9 student, including applying any income tax refund to which the person is entitled to reduce the
10 balance owed on the loan.

11 "(2) The student may not be eligible for any other federal student financial aid at another
12 institution or other government assistance until the loan is repaid.

13 "(h) The transferability disclosure that is required to be included in the school catalog, as
14 specified in paragraph (15) of subdivision (a) of Section 94909.

15 "(i) (1) The following statement: 'Prior to signing this enrollment agreement, you must be
16 given a catalog or brochure and a School Performance Fact Sheet, which you are encouraged to
17 review prior to signing this agreement. These documents contain important policies and
18 performance data for this institution. This institution is required to have you sign and date the
19 information included in the School Performance Fact Sheet relating to completion rates,
20 placement rates, license examination passage rates, salaries or wages, and the
21 most recent three-year cohort default rate, if applicable, prior to signing this agreement.'

22 "(2) Immediately following the statement required by paragraph (1), a line for the student to
23 initial, including the following statement: 'I certify that I have received the catalog, School
24 Performance Fact Sheet, and information regarding completion rates, placement rates, license
25 examination passage rates, salary or wage information, and the most recent three-year cohort
26 default rate, if applicable, included in the School Performance Fact sheet, and have signed,
27 initialed, and dated the information provided in the School Performance Fact Sheet.'

28 "(j) The following statements:

1 "(1) 'Any questions a student may have regarding this enrollment agreement that have not
2 been satisfactorily answered by the institution may be directed to the Bureau for Private
3 Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address),
4 (telephone and fax numbers).'

5 "(2) 'A student or any member of the public may file a complaint about this institution with
6 the Bureau for Private Postsecondary Education by calling (toll-free telephone number) or by
7 completing a complaint form, which can be obtained on the bureau's Internet Web site (Internet
8 Web site address).'

9 "(k) The following statement above the space for the student's signature:

10 'I understand that this is a legally binding contract. My signature below certifies that I have
11 read, understood, and agreed to my rights and responsibilities, and that the institution's
12 cancellation and refund policies have been clearly explained to me.'

13 14. Section 94916 of the Education Code states:

14 "An institution extending credit or lending money to an individual for institutional and
15 noninstitutional charges for an educational program shall cause any note, instrument, or other
16 evidence of indebtedness taken in connection with that extension of credit or loan to be
17 conspicuously marked on its face in at least 12-point type with the following notice:

18 "NOTICE

19 "“You may assert against the holder of the promissory note you signed in order to
20 finance the cost of the educational program all of the claims and defenses that you
21 could assert against this institution, up to the amount you have already paid under the
22 promissory note.”

23 15. Section 94918 of the Education Code states:

24 "“In making consumer loans to students, an institution shall also comply with the
25 requirements of the Federal Truth in Lending Act pursuant to Title 15 of the United States Code.”

26 16. Section 94885 of the Education Code states in relevant part:

27 "“(a) The bureau shall adopt by regulation minimum operating standards for an institution
28 that shall reasonably ensure that all of the following occur:”

1 ***

2 “(6) The institution is financially sound and capable of fulfilling its commitments to
3 students; and

4 (7) That, upon satisfactory completion of an educational program, the institution gives
5 students a document signifying the degree or diploma awarded.”

6 ***

7 17. Section 94886 of the Education Code states:

8 “Except as exempted in Article 4 (commencing with Section 94874) or in compliance with
9 the transition provisions in Article 2 (commencing with Section 94802), a person shall not open,
10 conduct, or do business as a private postsecondary educational institution in this state without
11 obtaining an approval to operate under this chapter.”

12 18. Section 94887 of the Education Code states:

13 “An approval to operate shall be granted only after an applicant has presented sufficient
14 evidence to the bureau, and the bureau has independently verified the information provided by the
15 applicant through site visits or other methods deemed appropriate by the bureau, that the applicant
16 has the capacity to satisfy the minimum operating standards. The bureau shall deny an application
17 for an approval to operate if the application does not satisfy those standards.”

18 19. Section 94909 of the Education Code states in relevant part:

19 “(a) Except as provided in subdivision (d), prior to enrollment, an institution shall provide a
20 prospective student, either in writing or electronically, with a school catalog containing, at a
21 minimum, all of the following:

22 ***

23 (3) The following statements:

24 (A) “Any questions a student may have regarding this catalog that have not been
25 satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary
26 Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and
27 fax numbers).”

1 (B) "As a prospective student, you are encouraged to review this catalog prior to signing an
2 enrollment agreement. You are also encouraged to review the School Performance Fact Sheet,
3 which must be provided to you prior to signing an enrollment agreement.

4 ***

5 (7) Information regarding the faculty and their qualifications.

6 (8) A detailed description of institutional policies in the following areas:

7 (A) Admissions policies, including the institution's policies regarding the acceptance of
8 credits earned at other institutions or through challenge examinations and achievement tests,
9 admissions requirements for ability-to-benefit students, and a list describing any transfer or
10 articulation agreements between the institution and any other college or university that provides
11 for the transfer of credits earned in the program of instruction. If the institution has not entered
12 into an articulation or transfer agreement with any other college or university, the institution shall
13 disclose that fact.

14 (B) Cancellation, withdrawal, and refund policies, including an explanation that the student
15 has the right to cancel the enrollment agreement and obtain a refund of charges paid through
16 attendance at the first class session, or the seventh day after enrollment, whichever is later. The
17 text shall also include a description of the procedures that a student is required to follow to cancel
18 the enrollment agreement or withdraw from the institution and obtain a refund consistent with the
19 requirements of Article 13 (commencing with Section 94919).

20 ***

21 (9) The schedule of total charges for a period of attendance and an estimated schedule of
22 total charges for the entire educational program.

23 (10) A statement reporting whether the institution participates in federal and state financial
24 aid programs, and if so, all consumer information that is required to be disclosed to the student
25 pursuant to the applicable federal and state financial aid programs.

26 (11) A statement specifying that, if a student obtains a loan to pay for an educational
27 program, the student will have the responsibility to repay the full amount of the loan plus interest,
28 less the amount of any refund, and that, if the student has received federal student financial aid

1 funds, the student is entitled to a refund of the moneys not paid from federal student financial aid
2 program funds.”

3 ***

4 20. Section 94910 of the Education Code states:

5 "Except as provided in subdivision (d) of Section 94909 and Section 94910.5, prior to
6 enrollment, an institution shall provide a prospective student with a School Performance Fact
7 Sheet containing, at a minimum, the following information, as it relates to the educational
8 program:

9 "(a) Completion rates, as calculated pursuant to Article 16 (commencing with Section
10 94928).

11 "(b) Placement rates, as calculated pursuant to Article 16 (commencing with Section
12 94928), if the educational program is designed to lead to, or the institution makes any express or
13 implied claim related to preparing students for, a particular career, occupation, vocation, job, or
14 job title.

15 "(c) License examination passage rates for programs leading to employment for which
16 passage of a state licensing examination is required, as calculated pursuant to Article 16
17 (commencing with Section 94928).

18 "(d) (1) Salary or wage information, as calculated pursuant to Article 16 (commencing with
19 Section 94928).

20 "(e) If a program is too new to provide data for any of the categories listed in this
21 subdivision, the institution shall state on its fact sheet: "This program is new. Therefore, the
22 number of students who graduate, the number of students who are placed, or the starting salary
23 you can earn after finishing the educational program are unknown at this time. Information
24 regarding general salary and placement statistics may be available from government sources or
25 from the institution, but is not equivalent to actual performance data.”

26 "(f) All of the following:

27 "(1) A description of the manner in which the figures described in subdivisions (a) to (d),
28 inclusive, are calculated or a statement informing the reader of where he or she may obtain a

1 description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are
2 calculated.

3 "(2) A statement informing the reader of where he or she may obtain from the institution a
4 list of the employment positions determined to be within the field for which a student received
5 education and training for the calculation of job placement rates as required by subdivision (b).

6 "(3) A statement informing the reader of where he or she may obtain from the institution a
7 list of the objective sources of information used to substantiate the salary disclosure as required
8 by subdivision (d).

9 "(g) The following statements:

10 "(1) "This fact sheet is filed with the Bureau for Private Postsecondary Education.
11 Regardless of any information you may have relating to completion rates, placement rates,
12 starting salaries, or license exam passage rates, this fact sheet contains the information as
13 calculated pursuant to state law."

14 "(2) "Any questions a student may have regarding this fact sheet that have not been
15 satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary
16 Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and
17 fax numbers)."

18 "(h) If the institution participates in federal financial aid programs, the most recent three-
19 year cohort default rate reported by the United States Department of Education for the institution
20 and the percentage of enrolled students receiving federal student loans."

21 "(i) Data and information disclosed pursuant to subdivisions (a) to (d), inclusive, is not
22 required to include students who satisfy the qualifications specified in subdivision (d) of Section
23 94909, but an institution shall disclose whether the data, information, or both provided in its fact
24 sheet excludes students pursuant to this subdivision. An institution shall not actively use data
25 specific to the fact sheet in its recruitment materials or other recruitment efforts of students who
26 are not California residents and do not reside in California at the time of their enrollment."

27 **REGULATORY PROVISIONS**

28 21. California Code of Regulations, title 5, division 7.5, section 71700 states:

1 “The Bureau may request that an institution document compliance with the standards set
2 forth in the Act and this Division to obtain and maintain an approval to operate.”

3 22. California Code of Regulations, title 5, division 7.5, section 76130 states:

4 “(a) 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 student at or
6 after enrollment. The assessment shall be collected for the entire period of enrollment, regardless
7 of whether the student pays the institutional charges in increments.”

8 “(b) A qualifying institution shall complete the STRF Assessment Reporting Form (Rev.
9 2/10) and remit it with the STRF assessments collected from students to be received by the
10 Bureau no later than the last day of the month following the close of the quarter as follows:

11 “(1) April 30 for the first quarter;

12 “(2) July 31 for the second quarter;

13 “(3) October 31 for the third quarter; and

14 “(4) January 31 for the fourth quarter. If the due date falls on a Saturday, Sunday or State or
15 federal holiday, the due date shall be extended to the next regular business day for the Bureau. If
16 the due date falls on a Saturday, Sunday, or State or federal holiday, the due date shall be
17 extended to the next regular business day for the Bureau.”

18 “(c) The STRF Assessment Reporting Form shall contain the following information:

19 “(1) Total number of students who signed enrollment agreements for educational programs
20 during the reporting period; and”

21 “(2) Total number of students eligible for STRF who signed enrollment agreements for
22 educational programs during the reporting period; and”

23 “(3) The total number of students who signed their enrollment agreement during the
24 reporting period, were eligible for STRF, and who made their first payment during the reporting
25 period; and”

26 “(4) The total number of students who signed their enrollment agreement in a previous
27 reporting period, were eligible for STRF, and who made their first payment during the current
28 reporting period; and”

1 “(5) Total amount of institutional charges after rounding each student's institutional charges
2 to the nearest \$1,000, for all eligible STRF students whose STRF assessment was collected in the
3 reporting period; and”

4 “(6) Current contact telephone number of the person preparing the form; and(7) A
5 declaration dated and signed under penalty of perjury by the person preparing the form that the
6 form and any attachments are true and correct.”

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

9 “(e) Submission of all prior reports and assessments required by this section is a condition
10 of renewal.”

11 23. California Code of Regulations, title 5, division 7.5, section 71475 states in
12 relevant part:

13 ***

14 “(c) The application for renewal of approval to operate and offer educational programs for
15 non-accredited institutions shall include all of the following:”

16 “(1) The name, institution/school code and website address of the institution.”

17 ***

18 “(7) The name, title, address, email address, telephone number, nature of interest and
19 percentage of ownership of each person, as defined in section 94855 of the Code, who owns or
20 controls 25% or more of the stock or an interest in the institution and, to the extent applicable,
21 each general partner, officer, corporate director, member of the board of directors, and any other
22 person who exercises substantial control over the institution's management or policies. For the
23 purpose of this paragraph, a person exercises “substantial control over the institution's
24 management or policies” if the person has the authority to cause the institution to expend money
25 or incur debt in the amount of five thousand dollars (\$5,000) or more in any year.”

26 “(A) For each address required, the institution shall provide a physical home address, and
27 may request that the address, email address, and telephone number, of each person described in
28 paragraph (7) be maintained as personal information.”

1 “(B) The federal employer identification number for partnerships or the social security
2 number for individual owners identified in the application pursuant to section 71130(a)(1).”

3 ***

4 “(h) The institution shall include in its application the name, title, physical address,
5 telephone number, fax number, and e-mail address for the agent for service of process in
6 California as required by section 94943.5 of the Code. The agent shall be at an address other than
7 the address of the institution or any branch. The agent must confirm the information and
8 acknowledge in writing that he or she is the designated agent for service of process. The
9 information shall be kept current pursuant to section 74190.”

10 “(m) The application shall contain the name, work address, email address, fax number and
11 telephone number of the person with whom the Bureau will correspond and conduct legal
12 transactions on behalf of the institution. If there have been no substantive changes since the last
13 submission, the institution may so state and is not required to submit documentation.”

14 ***

15 “(q) The institution shall include in its application copies of advertising and other
16 statements disseminated to the public in any manner by the institution or its representatives that
17 concern, describe, or represent each of the following:

18 “(1) The institution.”

19 “(2) Each educational program offered by the institution.”

20 “(3) If advertising is broadcast by television or radio, the application shall also include a
21 copy of the script.”

22 ***

23 “(cc) The institution shall submit with the application, a copy of the document that is
24 awarded to a graduating student upon successful completion of each educational program unless
25 there have been no substantive changes since the last submission. If there have been no
26 substantive changes made the institution may so state and is not required to provide
27 documentation.”

28 ***

1 “(gg) The institution demonstrates its continued capacity to meet the minimum operating
2 standards by submitting the renewal application signed and dated, and each fact stated therein and
3 each attachment thereto declared to be true under penalty of perjury, as follows:”

4 “(1) Signatories:”

5 “(C) Each member of the governing body of a nonprofit corporation.”

6 “(2) The declaration shall be in the following form:”

7 “I declare under penalty of perjury under the laws of the State of California that the
8 foregoing and all attachments are true and correct. _____ (Date)(Signature)”

9 ***

10 “(kk) An incomplete application filed under this section will render the institution ineligible
11 for renewal.”

12 24. California Code of Regulations, title 5, division 7.5, section 71800 states in
13 relevant part:

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

16 “(a) The name and address of the institution and the addresses where instruction will be
17 provided.”

18 ***

19 “(d) Date by which the student must exercise his or her right to cancel or withdraw, and the
20 refund policy, including any alternative method of calculation if approved by the Bureau pursuant
21 to section 94921 of the Code.”

22 25. California Code of Regulations, title 5, division 7.5, section 76215 states:

23 “(a) A qualifying institution shall include the following statement on both its enrollment
24 agreement for an educational program and its current schedule of student charges:”

25 “You must pay the state-imposed assessment for the Student Tuition Recovery Fund
26 (STRF) if all of the following applies to you:”

27 ///

28 ///

1 “1. You are a student in an educational program, who is a California resident, or are
2 enrolled in a residency program, and prepay all or part of your tuition either by cash, guaranteed
3 student loans, or personal loans, and”

4 “2. Your total charges are not paid by any third-party payer such as an employer,
5 government program or other payer unless you have a separate agreement to repay the third
6 party.”

7 “You are not eligible for protection from the STRF and you are not required to pay the
8 STRF assessment, if either of the following applies:”

9 “1. You are not a California resident, or are not enrolled in a residency program, or”

10 “2. Your total charges are paid by a third party, such as an employer, government program
11 or other payer, and you have no separate agreement to repay the third party.””

12 “(b) In addition to the statement described under subdivision (a) of this section, a qualifying
13 institution shall include the following statement on its current schedule of student charges:”

14 ““The State of California created the Student Tuition Recovery Fund (STRF) to relieve or
15 mitigate economic losses suffered by students in educational programs who are California
16 residents, or are enrolled in a residency programs attending certain schools regulated by the
17 Bureau for Private Postsecondary and Vocational Education.”

18 “You may be eligible for STRF if you are a California resident or are enrolled in a
19 residency program, prepaid tuition, paid the STRF assessment, and suffered an economic loss as a
20 result of any of the following:”

21 “1. The school closed before the course of instruction was completed.”

22 “2. The school's failure to pay refunds or charges on behalf of a student to a third party for
23 license fees or any other purpose, or to provide equipment or materials for which a charge was
24 collected within 180 days before the closure of the school.”

25 “3. The school's failure to pay or reimburse loan proceeds under a federally guaranteed
26 student loan program as required by law or to pay or reimburse proceeds received by the school
27 prior to closure in excess of tuition and other costs.”

28 ///

1 “4. There was a material failure to comply with the Act or this Division within 30 days
2 before the school closed or, if the material failure began earlier than 30 days prior to closure, the
3 period determined by the Bureau.”

4 “5. An inability after diligent efforts to prosecute, prove, and collect on a judgment against
5 the institution for a violation of the Act.””

6 “However, no claim can be paid to any student without a social security number or a
7 taxpayer identification number.”

8 26. California Code of Regulations, title 5, division 7.5, section 71745 states:

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

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

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

15 “(3) Maintain the minimum standards required by the Act and this chapter.”

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

27 ///

28 ///

1 “(b) At an institution's request, the Bureau may consider the financial resources of a parent
2 company if the parent company, as defined by section 94853 of the Code, meets and maintains all
3 of the following provisions:”

4 “(1) consents in writing to be sued in California;”

5 “(2) consents in writing to be subject to the jurisdiction of the Bureau with respect to the
6 institution's regulation under the Act and this Chapter;”

7 “(3) designates and maintains an agent for service of process, consistent with section
8 74190;”

9 “(4) agrees in writing to pay any refund, claim, penalty, or judgment that the institution is
10 obligated to pay; and”

11 “(5) files financial reports, maintains financial records, and consents in writing to permit the
12 inspection and copying of financial records to the same extent as is required of the institution.”

13 “(c) An institution shall provide to the Bureau its most current financial statements upon
14 request.”

15 27. California Code of Regulations, title 5, division 7.5, section 74115 states:

16 “(a) This section applies to every set of financial statements required to be prepared or filed
17 by the Act or by this chapter.”

18 “(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income
19 statement, and a cash flow statement, and the preparation of financial statements, shall comply
20 with all of the following:”

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

25 “(2) Financial statements prepared on an annual basis as required by section 74110(b) shall
26 be prepared in accordance with the generally accepted accounting principles established by the
27 American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual
28

1 financial statements as required under generally accepted accounting principles for nonprofit
2 organizations.”

3 “(3) The financial statements shall establish that the institution meets the requirements for
4 financial resources required by Section 71745.”

5 “(4) If an audit performed to determine compliance with any federal or state student
6 financial aid program reveals any failure to comply with the requirements of the program and the
7 noncompliance creates any liability or potential liability for the institution, the financial
8 statements shall reflect the liability or potential liability.”

9 “(5) Any audits shall demonstrate that the accountant obtained an understanding of the
10 institution's internal financial control structure, assessed any risks, and has reported any material
11 deficiencies in the internal controls.”

12 “(c) Work papers for the financial statements shall be retained for five years from the date
13 of the statements and shall be made available to the Bureau upon request.”

14 “(d) “Current” with respect to financial statements means completed no sooner than 120
15 days prior to the time it is submitted to the Bureau, and covering no less than the most recent
16 complete fiscal year. If more than 8 months will have elapsed between the close of the most
17 recent complete fiscal year and the time it is submitted, the fiscal statements shall also cover no
18 less than five months of that current fiscal year.”

19 28. California Code of Regulations, title 5, division 7.5, section 71810 states in
20 relevant part:

21 “(a) Each institution shall provide a catalog pursuant to section 94909 of the Code, which
22 shall be updated annually. Annual updates may be made by the use of supplements or inserts
23 accompanying the catalog. If changes in educational programs, educational services, procedures,
24 or policies required to be included in the catalog by statute or regulation are implemented before
25 the issuance of the annually updated catalog, those changes shall be reflected at the time they are
26 made in supplements or inserts accompanying the catalog.”

27 “(b) The catalog shall contain the information prescribed by Section 94909 of the Code and
28 all of the following:”

1 ***

2 “(4) Language proficiency information, including: (A) the level of English language
3 proficiency required of students and the kind of documentation of proficiency, such as the Test of
4 English as a Foreign Language (TOEFL), that will be accepted; and (B) whether English
5 language services, including instruction such as ESL, are provided and, if so, the nature of the
6 service and its cost;”

7 ***

8 “(9) A description of the facilities and of the types of equipment and materials that will be
9 used for instruction;”

10 ***

11 “(13) Housing information including all of the following:”

12 ***

13 “(B) The availability of housing located reasonably near the institution's facilities and an
14 estimation of the approximate cost or range of cost of the housing; and”

15 “(C) If the institution has no responsibility to find or assist a student in finding housing, a
16 clear and conspicuous statement so indicating. A statement that the program is “non- residential”
17 does not satisfy this subparagraph.”

18 ***

19 “(15) Policies on the retention of student records.”

20 29. California Code of Regulations, title 5, division 7.5, section 71770 states:

21 “(a) The institution shall establish specific written standards for student admissions for each
22 educational program. These standards shall be related to the particular educational program. An
23 institution shall not admit any student who is obviously unqualified or who does not appear to
24 have a reasonable prospect of completing the program. In addition to any specific standards for an
25 educational program, the admissions standards must specify as applicable that:”

26 “(1) Each student admitted to an undergraduate degree program, or a diploma program,
27 shall possess a high school diploma or its equivalent, or otherwise successfully take and pass the
28 relevant examination as required by section 94904 of the Code.”

1 “(2) Each student admitted into a post-baccalaureate degree program shall possess a
2 bachelor's degree or its equivalent. If a graduate program leads to a profession or an occupation
3 requiring state licensure and the licensing agency does not require that a member of the
4 profession or occupation possess a Bachelor's degree or its equivalent, this subdivision does not
5 apply.”

6 “(b) The institution shall specify the maximum credit it will transfer from another
7 institution for each educational program, and the basis upon which the transferred credit will be
8 awarded.”

9 “(1) Except as limited by subdivision (c) of this section, a maximum of 75 percent of the
10 units or credit that may be applied toward the award of a bachelor's degree may be derived from a
11 combination of any or both of the following:”

12 “(A) Units earned at institutions approved by the Bureau, public or private institutions of
13 higher learning accredited by an accrediting association recognized by the U. S. Department of
14 Education, or any institution of higher learning, including foreign institutions, if the institution
15 offering the undergraduate program documents that the institution of higher learning at which the
16 units were earned offers degree programs equivalent to degree programs approved by the Bureau
17 or accredited by an accrediting association recognized by the U.S. Department of Education;”

18 “(B) Challenge examinations and standardized tests such as the College Level Placement
19 Tests (CLEP) for specific academic disciplines.”

20 “(2) No more than 20% of graduate semester units or the equivalent in other units awarded
21 by another institution may be transferred for credit toward a Master's degree. An institution may
22 accept transfer credits only from the institutions of higher learning described in subsection
23 (1)(A).”

24 “(3) No more than 30 graduate semester credits or its equivalent awarded by another
25 institution may be credited toward a doctoral degree. This subdivision does not apply to graduate
26 programs that lead to a profession or an occupation requiring state licensure where the licensing
27 agency has a regulation permitting a different standard.”

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1 “(c) If credit for prior experiential learning is to be granted, the policy for granting such
2 credit shall be included in the institution's catalog.”

3 “(1) An institution may grant credit to a student for prior experiential learning only if:”

4 “(A) The prior learning is equivalent to a college or university level of learning;”

5 “(B) The learning experience demonstrates a balance between theory and practice and;”

6 “(C) The credit awarded for the prior learning experience directly relates to the student's
7 degree program and is applied in satisfaction of some of the degree requirements.”

8 “(2) Each college or university level learning experience for which credit is sought shall be
9 documented by the student in writing.”

10 “(3) Each college or university level learning experience shall be evaluated by faculty
11 qualified in that specific subject area who shall ascertain (1) to what college or university level
12 learning the student's prior experience is equivalent and (2) how many credits toward a degree
13 may be granted for that experience.”

14 “(4) The faculty evaluating the prior learning shall prepare a written report indicating all of
15 the following:”

16 “(A) The documents in the student's record on which the faculty member relied in
17 determining the nature of the student's prior experience;”

18 “(B) The bases for determining that the prior experience (i) is equivalent to college or
19 university level learning and (ii) demonstrates a balance between theory and practice; and”

20 “(C) The bases for determining (i) to what college or university level the experience is
21 equivalent and (ii) the proper number of credits to be awarded toward the degree for that
22 experience.”

23 “(5)(A) The institution shall designate at least one administrator to be responsible for the
24 review of faculty determinations regarding the award of credit for prior experiential learning.”

25 “(B) The administrator shall document the institution's periodic review of faculty
26 evaluations to assure that the faculty written evaluations and awards of credit comply with this
27 section and the institution's policies and are consistent.”

28

1 “(6) The amount of credit awarded for prior experiential learning shall not be related to the
2 amount charged the student for the assessment process.”

3 “(7)(A) Of the first 60 semester credits awarded a student in an undergraduate program, no
4 more than 15 semester credits may be awarded for prior experiential learning.”

5 “(B) Of the second 60 semester units (i.e., credits 61 to 120) awarded a student in an
6 undergraduate program, no more than 15 semester credits may be awarded for prior experiential
7 learning.”

8 “(C) Of the first 30 semester credits awarded a student in a graduate program, no more than
9 6 semester credits may be awarded for prior experiential learning.”

10 “(D) Of the second 30 semester credits (i.e., credits 31 to 60) awarded a student in a
11 graduate program, no more than 3 semester credits may be awarded for prior experiential
12 learning.”

13 “(E) No credit for experiential learning may be awarded after a student has obtained 60
14 semester credits in a graduate program.”

15 30. California Code of Regulations, title 5, division 7.5, section 74112 states:

16 “(a) Format. The format for the Performance Fact Sheet shall be in at least 12 pt. type, in an
17 easily readable font, with 1.15 line spacing. The Performance Fact Sheet shall contain all and
18 only the information required or specifically permitted by section 94910 of the Code or this
19 chapter.”

20 “(b) In addition to the definitions contained in section 94928 of the Code:”

21 “(1) "Number of Students Who Began Program" means the number of students who began a
22 program who are scheduled to complete the program within 100% of the published program
23 length within the reporting calendar year, and includes all the students who remained enrolled
24 after their cancellation period.

25 “(2) "Number of Graduates" means the number of students who completed the program within
26 100% of the published program length within the reporting calendar year.

27 “(3) "Graduates Employed in the Field" means those graduates who meet the definition of section
28 94928(e) of the Code, who have reported their employment to the institution.

1 (c) Reporting periods:

2 (1) An Annual Report shall include data for all educational programs as defined in section 94837
3 of the Code for the previous one calendar year.

4 (2) A Performance Fact Sheet shall be current and available not later than August 1st, and shall
5 report data for the previous two calendar years based upon the "number of students who began
6 program" or the "number of graduates," as defined in subdivision (b), for each reported calendar
7 year.

8 (d) Completion Rates. Reporting of completion rates for an institution's Annual Report and
9 Performance Fact Sheet shall include, for each educational program, the number of students who
10 began program as defined in subdivision (b), the number of students available for graduation,
11 number of graduates, and completion rate(s). An optional column may be added to include
12 completion rate data for students completing within 101-150% of the published program length.
13 For an institution reporting completion data pursuant to section 94929(b) of the Code, completion
14 data shall be separately reported for each program. The Performance Fact Sheet shall disclose, if
15 true, that the completion data is being reported for students completing within 150% of the
16 published program length, and that data is not being separately reported for students completing
17 the program within 100% of the published program length. Completion rates shall be included in
18 the Performance Fact Sheet in a format substantially similar to the chart below, including the
19 footnoted information below (dates, numbers, and other data shown are for example only):

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1 Completion Rates (includes data for the two calendar years prior to reporting)

2 **Name of Educational Program (Program Length)**

3	Number			
4	of	Students		
5	Calendar	Students	Available	Completion
6	Year	Who	for	Rate ⁴
7		Began	Graduation ²	
8		Program ¹		
9	20XX	100	98	71%
10	20XY	80	80	69%

12 Students Completing After Published Program Length - 150% Completion Rate

13 **Name of Educational Program (Program Length)**

14	Number			
15	of	Students		
16	Calendar	Students	Available	Completion
17	Year	Who	for	Rate ⁶
18		Began	Graduation ²	
19		Program ¹		
20	20XX	100	98	26%
21	20XY	80	80	29%

22 ¹ "Number of Students Who Began Program" is the number of students who began the program who are scheduled to complete the program within the reporting calendar year.

23 ² "Students available for graduation" is the number of students who began program minus the number of "Students unavailable for graduation," which means those students who have died, been incarcerated, or called to active military duty.

1 ³ "Graduates" is the number of students who completed the program within 100% of the
2 published program length.

3 ⁴ "Completion Rate" is the number of Graduates divided by the Number of Students Available for
4 Graduation.

5 ⁵ "150% Graduates" is the number of students who completed the program within 101-150% of
6 the published program length.

7 ⁶ "150% Completion Rate" is the number of students who completed the program in the reported
8 calendar year within 101-150% of the published program length divided by the Number of
9 Students Available for Graduation in the published program length period.

10 (e) Placement Rates.

11 (1) Any placement data required by sections 94910(b) and 94929.5(a) of the Code shall be
12 reported for the number of students who began the program as defined in subdivision (b) for each
13 reported calendar year.

14 (2) Placement is measured six months from the graduation date of each student. Reporting of
15 placement rates shall include for each educational program: the number of students who began
16 the program, the number of graduates as defined in subdivision (b), graduates available for
17 employment, graduates employed in the field and placement rate(s).

18 (3) Placement rate shall be calculated as follows: the number of graduates employed in the field
19 as defined in subsection 74112(b)(3) divided by the number of graduates available for
20 employment as defined in section 94928(d) of the Code.

21 (4) Graduates employed in the field shall be reported for those graduates employed in the field in
22 a single position that averages under 32 hours per week and those employed in the field in a
23 single position that averages at least 32 hours per week.

24 References to the Code are to the California Education Code where the California Private
25 Postsecondary Education Act of 2009 is located.

26 Placement rates shall be included in the Performance Fact Sheet in a format substantially similar
27 to the chart below, including the footnoted information below (dates, numbers, and other data
28

1 shown are for example only):

2 Placement Rates (includes data for the two calendar years prior to reporting)

3 **Name of Educational Program (Program Length)**

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Calendar Year	Number of Students Who Began Program ¹	Number of Graduates ²	Graduates Available for Employment ³	Graduates Employed in the Field ⁴	Placement Rate % Employed in the Field ⁵	Graduates Employed in the Field an average of less than 32 hours per week	Graduates Employed in the Field at least 32 hours per week
20XX	100	70	70	55	79%	5	50
20XY	80	55	55	20	36%	9	11

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14 ¹ "Number of Students Who Began Program" means the number of students who began the program who are scheduled to complete the program within the reporting calendar year.

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16 ² "Number of Graduates" is the number of students who have completed the program within 100% of the published program length.

17

18 ³ "Graduates available for employment" means the number of graduates minus the number of graduates unavailable for employment. "Graduates unavailable for employment" means graduates who, after graduation, die, become incarcerated, are called to active military duty, are international students that leave the United States or do not have a visa allowing employment in the United States, or are continuing their education in an accredited or bureau-approved postsecondary institution.

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23 ⁴ "Graduates employed in the field" means graduates who report that they are gainfully employed within six months of graduation in a position for which the skills obtained through the education and training provided by the institution are required or provided a significant advantage to the graduate in obtaining the position.

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27 ⁵ Placement Rate is calculated by dividing the number of graduates gainfully employed in the

1 field by the number of graduates available for employment.

2 (f) License Examination Passage Rates. If license examination passage rates are not available
3 from the appropriate state agency, an institution shall collect the information directly from its
4 graduates. If an institution demonstrates that, after reasonable efforts, it is unable to obtain the
5 examination passage information from its graduates, the institution shall report the number of
6 students it could not contact and note in a font the same size as the majority of the data on the
7 Performance Fact Sheet, "License examination passage data is not available from the state agency
8 administering the examination. We were unable to collect data from [enter the number]
9 graduates."

10 Reporting of license examination passage rates for the Annual Report and the Performance Fact
11 Sheet shall include, for each educational program: the number of students completing the
12 program within 150% of published program length in the reported year, the number of
13 documented graduates who passed the first examination, number of documented graduates who
14 failed the first examination, the number of graduates for whom data is not available. An optional
15 column may be added to separately report licensing examination data for students who take and
16 pass the exam after failing initially. The Annual Report shall also include a description of the
17 processes for attempting to contact those students.

18 For licensing examinations that are not continuously administered, license examination passage
19 rates shall be included in the Performance Fact Sheet in a format substantially similar to the chart
20 below, including the footnoted information below (dates, numbers, and other data shown are for
21 example only):

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1 Examination Passage Rates (includes data for the two calendar years prior to reporting)

2 **Name of Educational Program (Program Length)**

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4 Number of		Number	Number	
5 Students	Exam	Who	Who	Passage
6 Taking	Date²	Passed	Failed	Rate³
7 Exam¹		Exam	Exam	
8 80	2/1/20XX	40	40	50%
9 100	6/1/20XX	75	25	75%
10 82	10/1/20XX	68	14	76%
11 80	2/1/20XY	40	40	50%
12 100	6/1/20XY	70	30	70%
13 92	10/1/20XY	62	30	67%

14

15
16 *License examination passage data is not available from the state agency administering the*
17 *examination. We were unable to collect data from 32 graduates.*

18 ¹ Number of Students Taking Exam is the number of students who completed the program within
19 150% of published program length and for whom the reported exam is the first exam that was
20 available after their completion of the program.

21 ² Exam Date is the date for the first available exam after the students completed the program.

22 ³ Passage Rate is calculated by dividing the number of students who pass the exam by the number
23 of graduates who take the reported licensing exam.

24 For licensing examinations that are continuously administered, license examination passage rates
25 shall be included in the Performance Fact Sheet in a format substantially similar to the chart
26 below, including the footnoted information below (dates, numbers, and other data shown are for
27 example only):

28 Examination Passage Rates (includes data for the two calendar years prior to reporting)

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Name of Educational Program (Program Length)

Calendar Year	Number of Students Taking Exam¹	Number Who Passed First Exam Taken²	Number Who Failed First Exam Taken	Passage Rate³
20XX	80	40	40	50%
20XY	100	75	25	75%

License examination passage data is not available from the state agency administering the examination. We were unable to collect data from 10 graduates.

¹ Number of Students Taking Exam is the number of students who completed the program within 150% of the published program length and who took the exam in the reported calendar year for the first time.

² Number Who Passed First Exam Taken is the number of students who took and passed the licensing exam in the reported calendar year on the first attempt.

³ Passage Rate is calculated by dividing the number of graduates who pass the exam the first time that they take it by the number of graduates who took the licensing exam for the first time after completion of the program.

(g) Salary and Wage Information.

All Salary and Wage Information shall be reported to the Bureau pursuant to section 94929.5(c) of the Code and, if required by section 94910(d) of the Code, shall be included in the Performance Fact Sheet, for each educational program, in a format substantially similar to the chart below, including the footnoted information (dates, numbers, salaries, and other data shown are for example only).

1 Salary and Wage Information (includes data for the two calendar years prior to reporting)

2 Name of Educational Program (Program Length)

3 *Annual Salary and Wages Reported by Graduates Employed in the Field³*

4 5 6 7 8 Calendar Year	9 10 11 Graduates Available for Employment ¹	12 13 14 15 16 Graduates Employed in the Field ²	17 18 19 \$15,000.00 - \$20,000.00	20 21 22 \$20,000.00 - \$25,000.00	23 24 25 \$25,000.00 - \$30,000.00	26 27 28 \$30,000.00 - \$35,000.00	Students Not Reporting Salary
20XX	100	70	5	40	6	3	16
20XY	80	55	5	7	3	5	35

12
13 ¹ "Graduates available for employment" means the number of graduates minus the number
14 of graduates unavailable for employment. Graduates unavailable for employment means
15 graduates who, after graduation, die, become incarcerated, are called to active military duty, are
16 international students that leave the United States or do not have a visa allowing employment in
17 the United States, or are continuing their education in an accredited or bureau-approved
18 postsecondary institution.

19 ² "Graduates employed in the field" means graduates who are gainfully employed within six
20 months of graduation in a position for which the skills obtained through the education and
21 training provided by the institution are required or provided a significant advantage to the
22 graduate in obtaining the position.

23 ³ Salary is as reported by the student. Not all graduates reported salary.

24 (h) Documentation supporting all data reported shall be maintained by the institution for at least
25 five years from the time included in either an Annual Report or a Performance Fact Sheet, and
26 shall include at a minimum: student name(s), address, phone number, email address, program
27 completed, program start and completion dates, place of employment and position, salary, hours,
28 and a description of all attempts to contact each student. Documentation shall also include the

1 name, email address, phone number, and position or title of the institution's representative who is
2 primarily responsible for obtaining the students' completion, placement, licensing, and salary and
3 wage data, the date that the information was gathered, and copies of notes, letters or emails
4 through which the information was requested and gathered.”

5 **FIRST CAUSE FOR DENIAL OF APPLICATION**

6 **(Failure to Meet Minimum Operating Standards – Failed to Submit Required Student**
7 **Tuition Recovery Fund Assessment Reporting Forms)**

8 31. Respondent's application is subject to denial under Education Code section 94891,
9 subdivision (b) and California Code of Regulations, title 5, section 76130, in that Respondent did
10 not submit the Student Tuition Recovery Fund (STRF) assessment reporting forms for the last
11 four (4) quarters: April 2014, July 2014, October 2014, and January 2015.

12 **SECOND CAUSE FOR DENIAL OF APPLICATION**

13 **(Failure to Meet Minimum Operating Standards – Incomplete Application)**

14 32. Respondent's application is subject to denial under Education Code section 94891,
15 subdivision (b) and California Code of Regulations, title 5, section 71475, subdivision (kk), in
16 that:

17 a. The initial application included a website for the Institution that was not a valid site;
18 and Respondent did not provide the Bureau with a new website address or a statement indicating
19 it no longer maintains or operates a school website, in violation of California Code of
20 Regulations, title 5, section 71475, subdivision (c)(1).

21 b. In violation of California Code of Regulations, title 5, section 71475, subdivision
22 (c)(7), Respondent provided documentation indicating Margaret A. Goines Corporation is 100%
23 owner of the Institution. However, the Institution did not provide an updated application section
24 4.1 with the correct reflection of percentage ownership. Additionally, an email address for
25 Margaret Goines was not present on the application.

26 c. Respondent did not provide an updated application section 8 supplying the email
27 address, zip code and fax number for the Institution representative, in violation of California
28 Code of Regulations, title 5, section 71475, subdivision (m).

1 d. Respondent did not provide a script, or a reason as to why a script was not included,
2 for television or radio advertisements in section 12 of the application, in violation of California
3 Code of Regulations, title 5, section 71475, subdivision (q).

4 e. Respondent did not include a signature date for section 26, Declaration of Penalty of
5 Perjury, in violation of California Code of Regulations, title 5, section 71475, subdivision
6 (gg)(C)(2).

7 **THIRD CAUSE FOR DENIAL OF APPLICATION**

8 **(Failure to Meet Minimum Operating Standards – Agent for Service of Process in**
9 **California)**

10 33. Respondent's application is subject to denial under Education Code section 94891,
11 subdivision (b) and California Code of Regulations, title 5, section 71475, subdivision (h), in that
12 Respondent provided an address for its Agent for Service of Process within California that is the
13 same address as the Institution.

14 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

15 **(Failure to Meet Minimum Operating Standards – Student Agreement)**

16 34. Respondent's application is subject to denial under Education Code sections 94891,
17 subdivision (b) and 94906, subdivision (a), in that Respondent did not provide a separate
18 statement indicating how the Institution would provide the enrollment agreement, disclosures and
19 statements to students when they are unable to understand the terms and conditions of the
20 enrollment agreement due to English not being their primary language.

21 35. Respondent's application is subject to denial under Education Code sections 94891,
22 subdivision (b) and 94908, in that Respondent did not submit an enrollment agreement that
23 contained information required by the California Education Code, in at least the same size font as
24 the majority of the text throughout the document.

25 36. Respondent's application is subject to denial under Education Code section 94891,
26 subdivision (b) and California Code of Regulations, title 5, section 71800, subdivisions (a) and
27 (d), in that Respondent did not submit an enrollment agreement that contains the period covered
28

1 by the enrollment agreement or the date by which the student must exercise his or her right to
2 cancel or withdraw.

3 37. Respondent's application is subject to denial under Education Code sections 94891,
4 subdivision (b) and 94911, subdivision (b), in that Respondent did not provide an enrollment
5 agreement with a schedule of total charges, including a list of nonrefundable charges and the
6 student's obligation to the student recover fund clearly identified as a nonrefundable charge.

7 38. Respondent's application is subject to denial under Education Code sections 94891,
8 subdivision (b) and 94911, subdivision (c), in that Respondent did not provide an enrollment
9 agreement with the required underlined and capital letters on the same page as the student's
10 signature:

11 TOTAL CHARGES FOR THE CURRENT PERIOD OF ATTENDANCE;
12 ESTIMATED TOTAL CHARGES FOR THE ENTIRE EDUCATIONAL PROGRAM;
13 THE TOTAL CHARGES THE STUDENT IS OBLIGATED TO PAY UPON
14 ENROLLMENT.

15 39. Respondent's application is subject to denial under Education Code section 94891,
16 subdivision (b) and California Code of Regulations, title 5, section 76215, subdivisions (a) and
17 (b), in that Respondent did not provide an enrollment agreement with a schedule of student
18 charges which include the specific required language related to the Student Tuition Recovery
19 Fund.

20 40. Respondent's application is subject to denial under Education Code sections 94891,
21 subdivision (b) and 94911, subdivisions (e)(1), (e)(2), and (e)(3) in that Respondent did not
22 provide an enrollment agreement with the following disclosures:

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

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1 (2) The Institution's refund policy and a statement that, if the student has received
2 federal student financial aid funds, the student is entitled to a refund of moneys not paid from
3 federal student financial aid program funds; and

4 (3) A description of the procedures that a student is required to follow to cancel the
5 enrollment agreement or withdraw from the institution and obtain a refund.

6 41. Respondent's application is subject to denial under Education Code sections 94891,
7 subdivision (b) and 94911, subdivision (f), in that Respondent did not provide an enrollment
8 agreement that included a statement that, if the student obtains a loan to pay for an educational
9 program, the student will have the responsibility to repay the full amount of the loan plus interest,
10 less the amount of any refund.

11 42. Respondent's application is subject to denial under Education Code sections 94891,
12 subdivision (b) and 94911, subdivision (g)(1)(2), in that Respondent did not provide an
13 enrollment agreement that included a statement specifying that if the student defaults on a federal
14 or state loan, both of the following may occur:

15 (1) The federal or state government or a loan guarantee agency may take action
16 against the student, including applying any income tax refund to which the person is entitled to
17 reduce the balance owed on the loan.

18 (2) The student may not be eligible for any other federal student financial aid at
19 another institution or other government financial assistance until the loan is repaid.

20 43. Respondent's application is subject to denial under Education Code sections 94891,
21 subdivision (b) and 94911, subdivision (h), in that Respondent did not provide an enrollment
22 agreement that includes the required transferability disclosure pertaining to the "Notice
23 Concerning Transferability of Credits and Credentials Earned at our Institution."

24 44. Respondent's application is subject to denial under Education Code sections 94891,
25 subdivision (b) and 94911, subdivision (j)(1)(2), in that Respondent did not provide an enrollment
26 agreement that includes the specific required statements directing students to the Bureau for
27 unanswered questions and for filing a complaint with the Bureau.
28

1 45. Respondent's application is subject to denial under Education Code sections 94891,
2 subdivision (b) and 94911, subdivision (i)(1)(2), in that Respondent did not provide an enrollment
3 agreement that includes the specific required statements and a line for the student to initial:

4 (1) "Prior to signing this enrollment agreement, you must be given a catalog or
5 brochure and a School Performance Fact Sheet, which you are encouraged to review prior to
6 signing this agreement. These documents contain important policies and performance data for
7 this institution. This institution is required to have you sign and date the information included in
8 the School Performance Fact Sheet relating to completion rates, placement rates, license
9 examination passage rates, and salaries or wages, and the most recent three-year cohort default
10 rate, if applicable, prior to signing this agreement."

11 (2) Immediately following the statement required by paragraph (1), a line for the
12 student to initial, including the following statement: "I certify that I have received the catalog,
13 School Performance Fact Sheet, and information regarding completion rates, placement rates,
14 examination passage rates, and salary or wage information, and the most recent three-year cohort
15 default rate, if applicable, included in the School Performance Fact Sheet, and have signed,
16 initialed, and dated the information provided in the School Performance Fact Sheet."

17 46. Respondent's application is subject to denial under Education Code sections 94891,
18 subdivision (b) and 94911, subdivision (d), in that Respondent did not provide an enrollment
19 agreement that includes a clear and conspicuous statement that the enrollment agreement is
20 legally binding when signed by the student and accepted by the Institution.

21 47. Respondent's application is subject to denial under Education Code sections 94891,
22 subdivision (b) and 94911, subdivision (k), in that Respondent did not provide an enrollment
23 agreement with the specific required statement above the space for the student's signature:

24 "I understand that this is a legally binding contract. My signature below certifies that I have
25 read, understood, and agreed to my rights and responsibilities, and that the institution's
26 cancellation and refund policies have been clearly explained to me."

27 48. Respondent's application is subject to denial under Education Code sections 94891,
28 subdivision (b) and 94916, in that Respondent provided an enrollment agreement that did not

1 include the verbiage required by an institution extending credit or lending money to an individual
2 for institutional and non-institutional charges for an education program was not included:

3 "NOTICE"

4 "You may assert against the holder of the promissory notes you signed in order to finance
5 the cost of the educational program all of the claims and defenses that you could assert against
6 this institution, up to the amount you have already paid under the promissory note."

7 49. Respondent's application is subject to denial under Education Code sections 94891,
8 subdivision (b) and 94918, in that Respondent did not provide clear indication as to the
9 availability of consumer loans to students or its compliance with the requirements of the Federal
10 Truth in Lending Act pursuant to Title 15 of the United States Code.

11 **FIFTH CAUSE FOR DENIAL OF APPLICATION**

12 **(Failure to Meet Minimum Operating Standards – Financial Resources and Statements)**

13 50. Respondent's application is subject to denial under Education Code sections 94891,
14 subdivision (b) and 94885, subdivision (a)(6); and California Code of Regulations, title 5,
15 sections 74115 and 71745, in that Respondent did not provide currently reviewed financial
16 statements prepared by an independent certified public accountant for the most recent fiscal year.

17 **SIXTH CAUSE FOR DENIAL OF APPLICATION**

18 **(Failure to Meet Minimum Operating Standards – Catalog)**

19 51. Respondent's application is subject to denial under Education Code section 94891,
20 subdivision (b) and California Code of Regulations, title 5, section 71810, subdivision (a), in that
21 Respondent did not provide a statement indicating how often the catalog is updated.

22 52. Respondent's application is subject to denial under Education Code sections 94891,
23 subdivision (b) and 94909, subdivision (a), in that Respondent did not provide a statement
24 indicating how the school catalog is provided to a prospective student or the general public when
25 requested.

26 53. Respondent's application is subject to denial under Education Code sections 94891,
27 subdivision (b) and 94909, subdivision (a)(3)(B), in that Respondent did not provide a catalog
28 that contains the specific required language that encourages a student to review the catalog and

1 School Performance Fact Sheet prior to signing an enrollment agreement: "As a prospective
2 student, you are encouraged to review this catalog prior to signing an enrollment agreement. You
3 are also encouraged to review the School Performance Fact Sheet, which must be provided to you
4 prior to signing an enrollment agreement."

5 54. Respondent's application is subject to denial under Education Code section 94891,
6 subdivision (b) and California Code of Regulations, Title 5, section 71810, subdivision (b)(9), in
7 that Respondent did not provide a catalog with a description of the facilities and types of
8 equipment and materials that will be used for instruction.

9 55. Respondent's application is subject to denial under Education Code sections 94891,
10 subdivision (b) and 94909(a)(3)(A), in that Respondent did not provide a catalog that contains
11 specific required language that directs the students to the Bureau for unanswered questions.

12 56. Respondent's application is subject to denial under Education Code sections 94891,
13 subdivision (b) and 94909(a)(8)(A) and California Code of Regulations, title 5, section 71770, in
14 that Respondent did not provide a catalog that contains requirements for ability-to-benefit
15 students, a list describing any transfer or articulation agreements between the Institution and any
16 other college or university that provides for the transfer of credits earned in the program of
17 instruction, or if the Institution had not entered into an articulation or transfer agreement with any
18 other college or university, a statement disclosing that fact.

19 57. Respondent's application is subject to denial under Education Code section 94891,
20 subdivision (b) and California Code of Regulations, title 5, section 71810, subdivision (b)(4), in
21 that Respondent did not provide a catalog with language proficiency information, including the
22 level of English language proficiency required of students and the kind of documentation of
23 proficiency that will be accepted for admissions.

24 58. Respondent's application is subject to denial under Education Code sections 94891,
25 subdivision (b) and 94909, subdivision (a)(9), in that Respondent did not provide a catalog that
26 contains the schedule of total charges and an estimated schedule of total charges for the entire
27 educational program.

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1 59. Respondent's application is subject to denial under Education Code section 94891,
2 subdivision (b) and California Code of Regulations, title 5, section 76215, subdivisions (a) and
3 (b), in that Respondent did not provide a catalog that contains the specific required language
4 related to the Student Tuition Recovery Fund.

5 60. Respondent's application is subject to denial under Education Code sections 94891,
6 subdivision (b) and 94909, subdivision (a)(8)(B), in that Respondent did not provide a catalog
7 that contains a complaint cancelation policy indicating the student has the right to cancel the
8 enrollment agreement and obtain a refund of charges paid through the attendance at the first class
9 session or the seventh day after enrollment, whichever is later.

10 61. Respondent's application is subject to denial under Education Code sections 94891,
11 subdivision (b) and 94909, subdivision (a)(7), in that Respondent did not provide a catalog that
12 contains information regarding the faculty and their qualifications.

13 62. Respondent's application is subject to denial under Education Code sections 94891,
14 subdivision (b) and 94909, subdivision (a)(10), in that Respondent provided a catalog which
15 contains a statement indicating it does not participate in federal and state financial aid programs,
16 yet throughout its catalog the Institution references student eligibility for Title IV assistance
17 programs.

18 63. Respondent's application is subject to denial under Education Code sections 94891,
19 subdivision (b) and 94909, subdivision (a)(11), in that Respondent did not provide a catalog
20 indicating that if a student obtains a loan to pay for an educational program, the student will have
21 to repay the full amount of the loan plus interest, less the amount of any refund, and that, if the
22 student receives federal student financial aid funds, the student is entitled to a refund of the
23 moneys not paid from federal financial aid funds.

24 64. Respondent's application is subject to denial under Education Code section 94891,
25 subdivision (b) and California Code of Regulations, title 5, section 71810, subdivision
26 (b)(13)(B)(C), in that Respondent did not provide a catalog that contains all required housing
27 information including, the availability of housing located reasonably near the Institution's
28 facilities and an estimation of the approximate cost or range of cost of the housing; and if the

1 Institution has no responsibility to find or assist a student in finding housing, a clear and
2 conspicuous statement so indicating.

3 65. Respondent's application is subject to denial under Education Code section 94891,
4 subdivision (b) and California Code of Regulations, title 5, section 71810, subdivision (b)(15), in
5 that Respondent did not provide a catalog that contains policies on the retention of student
6 records.

7 **SEVENTH CAUSE FOR DENIAL OF APPLICATION**

8 **(Failure to Meet Minimum Operating Standards – School Performance Fact Sheet)**

9 66. Respondent's application is subject to denial under Education Code sections 94891,
10 subdivision (b) and 94910 and California Code of Regulations, title 5, section 74112, in that
11 Respondent did not provide a School Performance Fact Sheet for each of its educational
12 programs.

13 **EIGHTH CAUSE FOR DENIAL OF APPLICATION**

14 **(Failure to Meet Minimum Operating Standards – Graduation or Completion Documents)**

15 67. Respondent's application is subject to denial under Education Code sections 94891,
16 subdivision (b) and 94885, subdivision (a)(7) and California Code of Regulations, title 5, section
17 71475(cc), in that Respondent did not provide copies of graduation or completion documents for
18 Instructor Trainee (Cosmetology).

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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 Pacific Beauty College of Los Angeles; Margaret A Goines (Owner) for a Renewal of Approval to Operate an Institution Non-Accredited;
2. Taking such other and further action as deemed necessary and proper.

DATED: 4/27/14


JOANNE WENZEL
Chief
Bureau for Private Postsecondary Education
Department of Consumer Affairs
State of California
Complainant

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