



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

To: Coast Health Educational Centers, Inc., Owner
Coast Health Educational Centers, Inc.
1741 West Katella Avenue, Suite 201
Anaheim, CA 92804

INSTITUTION CODE: 3009811

CITATION NUMBER: 2021120

CITATION ISSUANCE/SERVICE DATE: October 15, 2020

DUE DATE: November 14, 2020

FINE AMOUNT: \$ 4,050.00

ORDER OF ABATEMENT INCLUDED: YES

Christina Villanueva issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Discipline Manager of the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Coast Health Education Centers, Inc., Owner of Coast Health Education Centers, Inc. (Institution) located at 1741 West Katella Avenue, Suite 201, Anaheim, CA 92804, pursuant to Business and Professions Code section 125.9; California Education Code (CEC) section 94936; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violations described below.

BACKGROUND

On November 6, 2019 Bureau staff received a copy of the Institution's Enrollment Agreement and Catalog. Bureau staff reviewed the enrollment agreement and catalog and found that the documentation does not comply with the minimum operating standards contained in the California Education Code and California Code of Regulations. As a result, a deficiency letter was issued to the Institution and the Institution was provided a deadline of December 2, 2019, to submit evidence of compliance. The Institution was able to clear four of the five violations for the enrollment agreement, and four of the six violations for the catalog, however the Institution was unable to clear three remaining violations.

In addition, institutions are required to submit a Student Tuition Recovery Fund (STRF) Assessment Reporting Form to the Bureau no later than the last day of the month following the close of the quarter.

Pursuant to CEC section 94923(a) The Student Tuition Recovery Fund relieves or mitigates economic loss suffered by a student while enrolled in an institution not exempt from this article pursuant to Article 4 (commencing with section 94874), who, at the time of his or her enrollment, was a California resident or was enrolled in a California residency program, prepaid tuition, and suffered economic loss.

The Bureau sends notifications/reminders to all approved institutions 30 days prior to close of each quarter.

As of October 15, 2020, the Institution has not submitted the STRF Assessment Reporting Form for the 1st quarter of 2020.

Lastly, all institutions are required to pay annual fee within 30 days of the date on which the Institution originally receives its approval to operate and each year thereafter on the anniversary of the date of the original approval. An institution shall pay its annual fee in addition to any other applicable fees.

Pursuant to CEC section 94930.5 (g). effective July 1, 2018, the annual fee for each campus described in subparagraphs (A) and (B) of paragraph (1) of subdivision (d) shall be in an amount equal to 0.55 percent of that campus' total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000) for each campus.

As of October 15, 2020, the Bureau has not received the annual fee or late payment penalty fee for the 2020 calendar year from the Institution.

VIOLATION(S)

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p><u>Violation:</u> CEC Section 94911 (e)(1) – Minimum Requirements for Enrollment Agreements <i>“An enrollment agreement shall include, at a minimum, all of the following: (e)(1) A disclosure with a clear and conspicuous caption, “STUDENT’S RIGHT TO CANCEL,” under which it is explained that the student has the right to cancel the enrollment agreement and obtain a refund of charges paid through attendance at the first class session, or the seventh day after enrollment, whichever is later.”</i></p> <p style="color: red;">Bureau staff reviewed enrollment agreements and found that the documentation contained the following statements (pages 2, 3) that contradict the above disclosure and are therefore non-compliant:</p> <ul style="list-style-type: none"> • “If you enroll after the commencement of the term, you may cancel at any time before your first scheduled class session after your enrollment.” • “The student has the right to cancel the agreement and receive a full refund before the first lesson and materials are received.” • “Cancellation must occur prior to the receipt of the first lesson and materials, which will occur within seven days after the institution accepts the student for admission.” <p><u>Order of Abatement:</u> The Bureau orders the Institution to submit a policy, of procedure, or how the Institution will maintain future compliance with CEC section 94911.</p> <p><u>Assessment of Fine</u> The fine for this violation is <u>\$1,000.00</u></p>

2.

Violation:

CEC Section 94909 (a)(2)(6)(8)(B) – Minimum Requirements for School Catalog

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

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

(6) If the educational program is designed to lead to positions in a profession, occupation, trade, or career field requiring licensure in this state, a notice to that effect and a list of the requirements for eligibility for licensure.

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

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

CEC Section 94897 (I)(1)(2) – Prohibited Business Practices

“An institution shall not do any of the following:

(I) Use the terms “approval,” “approved,” “approval to operate,” or “approved to operate” without stating clearly and conspicuously that approval to operate means compliance with state standards as set forth in this chapter. If the bureau has granted an institution approval to operate, the institution may indicate that the institution is “licensed” or “licensed to operate,” but may not state or imply either of the following:

(1) The institution or its educational programs are endorsed or recommended by the state or by the bureau.

(2) The approval to operate indicates that the institution exceeds minimum state standards as set forth in this chapter.”

CEC Section 94920 (a-e) – Mandatory Cancellation, Withdrawal, and Refund Policies

“An institution that does not participate in the federal student financial aid programs shall do all of the following:

(a) The institution shall advise each student that a notice of cancellation shall be in writing, and that a withdrawal may be effectuated by the student’s written notice or by the student’s conduct, including, but not necessarily limited to, a student’s lack of attendance.

(b) Institutions shall refund 100 percent of the amount paid for institutional charges, less a reasonable deposit or application fee not to exceed two hundred fifty dollars (\$250), if notice of cancellation is made through attendance at the first class session, or the seventh day after enrollment, whichever is later.

(c) The bureau may adopt by regulation a different method of calculation for instruction delivered by other means, including, but not necessarily limited to, distance education.

(d) The institution shall have a refund policy for the return of unearned institutional charges if the student cancels an enrollment agreement or withdraws during a period of attendance. The refund policy for students who have completed 60 percent or less of the period of attendance shall be a pro rata refund.

(e) The institution shall pay or credit refunds within 45 days of a student’s cancellation or withdrawal.”

Violation: CEC Section 94909 (a)(2) and CEC Section 94897 (I)(1)(2): Bureau staff reviewed the

Institution's catalog and found that the following statement is non-compliant:
"The approval to operate meant that the Bureau determined and certified that the institution met the standards for integrity, financial stability, and educational quality, including the offering of bona fide instruction by qualified faculty and the appropriate assessment of students' achievement prior to, during, and at the end of its programs."

In addition, the Institution failed to use the terms "approval," "approved," "approval to operate," or "approved to operate" in compliance with CEC Section 94909 and 94897.

Violation: CEC Section 94909 (a)(2): Bureau staff reviewed the Institution's catalog and found that the 'Eligibility for Licensure' information listed on pages 5 and 17 does not include all elements listed for the licensure requirements. Furthermore, the catalog is missing the licensure requirement of obtaining a criminal record clearance.

Violation: CEC Section 94909 (a)(8)(b) and CEC Section 94920 (a-e): Bureau staff reviewed the Institution's catalog and found that the catalog failed to include cancellation, withdrawal, and refund policies that are compliant with CEC section 94909 and 94920.

Violation: CEC Section 94920 (a-e): Bureau staff reviewed the Institution's catalog and found that pages 26 and 27 of the catalog contain information inconsistent with CEC Section 94920 which states that the student has the right to cancel the enrollment agreement and obtain a refund of charges paid through attendance at the first class session, or the seventh day after enrollment, whichever is later, as well as a pro rata refund after that point up to and including 60% of the program.

Order of Abatement:

The Bureau orders the Institution to submit a policy, of procedure, or how the Institution will maintain future compliance with CEC sections 94897, 94909 and 94920.

Assessment of Fine

The fine for this violation is \$3,000.00

1.

Violation:

5, CCR Section 76130 (a-e)- Collection and Submission of Assessments

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

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

(1) April 30 for the first quarter,

(2) July 31 for the second quarter,

(3) October 31 for the third quarter, and

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

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

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

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

- (2) Total number of students eligible for STRF who signed enrollment agreements for educational programs during the reporting period; and
 - (3) The total number of students who signed their enrollment agreement during the reporting period, were eligible for STRF, and who made their first payment during the reporting period; and
 - (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.
- (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.
- (e) Submission of all prior reports and assessments required by this section is a condition of renewal."

The Institution has failed to submit STRF Assessment Reporting Form for the following quarter:

- First Quarter of 2020

On March 24, 2020, the Institution was notified via mail at 12 Harveston, Mission Viejo, CA 92692, that the STRF Assessment Reporting Form for the 1st quarter of 2020 was due. As of October 15, 2020, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

Order of Abatement:

The Bureau orders that the Institution submit the delinquent STRF Assessment Reporting Form with the STRF Assessments collected from students for the quarter listed above. The information provided shall comply with "Record Keeping Requirements" Pursuant to 5, CCR section 76140.

Assessment of Fine

The fine for this violation is \$50.00

2.

Violation:

5, CCR Section 74006 (a) and (b) - Annual Fee

"(a) An institution's annual fee is due within 30 days of the date on which the institution originally receives its approval to operate and each year thereafter on the anniversary of the date of the original approval. (b) An institution shall pay its annual fee in addition to any other applicable fees."

CEC Section 94930.5 (g)- Fee Schedule

"(g) Notwithstanding subdivision (d), effective July 1, 2018, the annual fee for each campus described in subparagraphs (A) and (B) of paragraph (1) of subdivision (d) shall be in an amount equal to 0.55 percent of that campus' total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000) for each campus."

CEC Section 94931(b)- Late Payment

"(b) A fee that is not paid on or before the 90th calendar day after the due date for payment of the fee shall be subject to a 35 percent late payment penalty fee."

<p>The Institution has failed to pay its annual fee for calendar year 2019.</p> <p>On June 3, 2019, the Institution was notified, Invoice # 900342004, via mail at 12 Harveston, Mission Viejo, CA 92692, stating that the annual fee for calendar year 2019 was due on July 1, 2019.</p> <p>On August 15, 2019, the Institution was notified, Invoice # 900343985 via mail at 12 Harveston, Mission Viejo, CA 92692, stating that the annual fee for calendar year 2019 was due on July 1, 2019.</p> <p>On October 15, 2019, the Institution was notified, Invoice # 900343985, via mail at 12 Harveston, Mission Viejo, CA 92692, stating that the annual fee for calendar year 2019 was due on July 1, 2019.</p> <p>As of October 15, 2020, the Bureau has not received the annual fee or late payment penalty fee from the Institution.</p> <p><u>Order of Abatement:</u> The Bureau orders the Institution to submit its annual fees for calendar year 2019 in accordance with 5, CCR section 74006(a)(b) and CEC section 94930.5(g). In addition, the Institution must pay all late payment penalty fees.</p> <p><u>Assessment of Fine</u> The fine for this violation is \$00.00</p>
<p>TOTAL ADMINISTRATIVE FINE DUE: \$4,050.00</p>

COMPLIANCE WITH 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 of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

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 **November 14, 2020**, 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 **October 15, 2020**. Evidence of compliance with the order(s) of abatement shall be due by **November 14, 2020**.

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:

Gabriella Perez, Discipline Citation Program
Bureau for Private Postsecondary Education
1747 N. Market Blvd., Suite 225
Sacramento, CA 95834

Failure for an applicant or institution to abate the violation(s) listed above 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 Gabriella Perez, Citation Analyst, at (916) 574-8969 or Gabriella.Perez@dca.ca.gov.

Christina Villanueva
Discipline Manager

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