



Bureau for Private Postsecondary Education
1747 N. Market Blvd. Ste 225 Sacramento, CA 95834
P.O. Box 980818, West Sacramento, CA 95798-0818
P (916) 574-8900 F (916) 263-1897 www.bppe.ca.gov



MODIFIED CITATION:
ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: Lambda Inc., Owner
Lambda School
250 Montgomery Street, 16th Floor
San Francisco, CA 94104

INSTITUTION CODE: Unapproved
UPDATED INSTITUTION CODE: 83979039, (effective August 17, 2020)
CITATION NUMBER: 1819150
MODIFIED CITATION ISSUANCE/SERVICE DATE: October 30, 2020
MODIFIED DUE DATE: November 29, 2020
FINE AMOUNT: \$ 50,000.00
ORDER OF ABATEMENT INCLUDED: YES

Christina Villanueva issues this Modified Citation: Assessment of Fine (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 Modified Citation is hereby issued to Lambda Inc., Owner of Lambda School (Institution) located at 250 Montgomery Street, 16th Floor, San Francisco, CA, 94101, pursuant to Business and Professions Code section 125.9; California Education Code (CEC) sections 94936 and 94932; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violations described below.

BACKGROUND

The Bureau previously issued Citation: Assessment of Fine and Order of Abatement No. 1819150 to the Owner of the Institution on March 20, 2019, which was appealed by the Institution and subsequently withdrawn without prejudice on October 21, 2020.

VIOLATION

#	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 94886. Approval to Operate Required “Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with Section 94802), a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter.” <i>(a) An institution that has been granted an approval to operate by means of accreditation shall only make a substantive change in accordance with the institution’s accreditation standards.</i> <i>(b) The institution shall notify the bureau of the substantive change on a form provided by the bureau.</i></p>

94858. Private Postsecondary Educational Institution

“Private postsecondary educational institution” means a private entity with a physical presence in this state that offers postsecondary education to the public for an institutional charge.

CEC Section 94817.5. Approved to Operate or Approved

“Approved to operate” or “approved” means that an institution has received authorization pursuant to this chapter to offer to the public and to provide postsecondary educational programs.”

CEC Section 94868. To Offer to the Public

“To offer to the public” means to advertise, publicize, solicit, or recruit.”

CEC Section 94869. To Operate

“To operate” means to establish, keep, or maintain any facility or location in this state where, or from which, or through which, postsecondary educational programs are provided.”

On December 5, 2018, Bureau staff investigated the complaint to determine if the Institution was operating as a private postsecondary educational institution. The Institution is listed as “Lambda School” on their website and is advertising to the public a set of introductory and immersive courses in Full Stack Web, iOS Development, Android Development, Data Science, and UX Design. Tuition costs are not listed as they offer Income Sharing Agreements (ISAs). The institution’s “How It Works” tab reads: “Lambda School trains people online to be software engineers at no up-front cost. Instead of paying tuition, students can agree to pay a percentage of their income after they’re employed, and only if they’re making more than \$50k per year. If you don’t find a job, or don’t reach that level of income, you’ll never pay a cent.”

The Institution’s website indicates, as part of their FAQ tab, that students can pay an upfront tuition cost of \$20,000 instead of signing an ISA. This evidence confirms that the Institution violated the requirement for an Approval to Operate, per CEC section 94886, as the Institution is operating unapproved and charging students over \$2,500.00 in tuition and does not qualify for any of the exemptions under CEC section 94874.

On December 5, 2018, the Institution was contacted, via their website’s instant message option, requesting information regarding the function of their California campus location. A response was not received.

A business license listing was found for Lambda School with the City of Pleasanton.

Order of Abatement:

The Bureau orders that the Institution cease to operate as a private postsecondary educational institution, unless the Institution qualifies for an exemption under CEC section 94874. The Institution must discontinue recruiting or enrolling students and cease all instructional services and advertising in any form or type of media, including the <https://lambdaschool.com> and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service numbers including but not limited to (800) 883-1943 that are associated with the Institution until such time as an approval to operate is obtained from the Bureau. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau

	<p>pursuant to California Education Code section 94926. The Institution must provide a roster of each student currently enrolled at the Institution. The roster must include the names of the students, their contact information (including phone number, email address, and physical address), the programs in which they are enrolled, the amount paid for the programs.</p> <p>Reason for modification: Substantive facts presented during the settlement process. Order of Abatement has been satisfied.</p> <p>Assessment of Fine: The fine for this violation is <u>\$75,000.00</u></p> <p>The administrative fine for this violation has been modified from \$75,000.00 to \$50,000.00.</p> <p>On October 27, 2020, the Bureau received the payment of fine in the amount of \$50,000.00.</p>
TOTAL MODIFIED ADMINISTRATIVE FINE DUE: <u>\$50,000.00</u>	

The Institution gives up the right to an administrative hearing and all other rights accorded by the California Administrative Procedure Act and other applicable laws. The Institution's failure to pay the Modified Citation civil penalty pursuant to the terms of this settlement will result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau for Private Postsecondary Education may file an Amended Modified Citation for the failure of conditions required of the Institution.

CONTACT INFORMATION

If you have any questions regarding this Modified Citation, or desire further information, please contact Cheryl Lardizabal, Citation Analyst, at (916) 574-8968 or Cheryl.Lardizabal@dca.ca.gov.

“Original signature on file”

“10/30/2020”

Christina Villanueva
Discipline Manager

Date

Enclosure

- Declaration of Service by Certified and First-Class Mail