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

13 In the Matter of the Statement of Issues  
Against:

14 **WAG MY TAIL, INC.,**

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

17 **Institution Code 43106075**

18 Respondent.

Case No. BPPE23-0734

19 **STATEMENT OF ISSUES**

20 **PARTIES**

21 1. Deborah Cochrane (“Complainant”) brings this Statement of Issues solely in her  
22 official capacity as the Chief of the Bureau for Private Postsecondary Education (“Bureau”),  
23 Department of Consumer Affairs.

24 2. On or about January 16, 2020, the Bureau received an Application for Renewal of  
25 Approval to Operate an Institution Non-Accredited (the “Application”) from Wag My Tail, Inc.  
26 (“Respondent”). Wag My Tail, Inc. is owned by Minou Ataei. On or about December 15, 2019,  
27 Minou Ataei certified under penalty of perjury to the truthfulness of all statements, answers, and  
28 representations in the application. The Bureau denied the application on September 11, 2023.

1 **JURISDICTION**

2 3. This Statement of Issues is brought before the Director of the Department of  
3 Consumer Affairs (“Director”) for the Bureau, under the authority of the following laws. All  
4 section references are to the Business and Professions Code (“Code”) unless otherwise indicated.

5 4. Code section 94886 states that:

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

10 5. Code section 94887 states that:

11 An approval to operate shall be granted only after an applicant has presented  
12 sufficient evidence to the bureau, and the bureau has independently verified the  
13 information provided by the applicant through site visits or other methods deemed  
14 appropriate by the bureau, that the applicant has the capacity to satisfy the minimum  
15 operating standards. The bureau shall deny an application for an approval to operate if  
16 the application does not satisfy those standards. The bureau may deny an application  
17 for an approval to operate institutions that would be owned by, have persons in  
18 control of, or employ institution managers that had knowledge of, should have  
19 known, or knowingly participated in any conduct that was the cause for revocation or  
20 unmitigated discipline at another institution.

17 **REGULATORY PROVISIONS**

18 6. Title 5, Section 71400.5 of the California Code of Regulations states in part:

19 . . . .

20 “(b) In addition to denying an application pursuant to section 94887 of the Code, the  
21 Bureau may deny any application based on any act that constitutes grounds for the denial of a  
22 license under Section 480 of the Business and Professions Code, incorporated herein by  
23 reference.”

24 7. Title 5, Section 71475 of the California Code of Regulations states, in pertinent part:

25 (a) Unless renewed, an approval to operate shall expire at 12 midnight on the  
26 last day of the institution's term of approval to operate as granted pursuant to section  
27 94802 or section 94889 of the Code.

28 (b) An institution seeking to renew its Approval to Operate pursuant to section  
94891 of the Code shall, prior to its expiration, complete and submit to the Bureau the  
“Application for Renewal of Approval to Operate and Offer Educations Programs for  
Non-Accredited Institutions,” Form Application 94891 (rev. 2/10).

1 . . . .

2 (e) The institution shall submit at the time it applies for renewal current  
3 financial statements that meet the requirements of section 74115 as follows: (1) for an  
4 institution with annual gross revenues of \$500,000 and over, statements shall be  
5 audited; (2) for an institution with annual gross revenues less than \$500,000,  
6 statements shall be reviewed.

7 . . . .

8 (ii) Provided that a complete renewal application is received by the Bureau  
9 prior to the expiration of the approval, a valid approval to operate shall continue until  
10 the Bureau has acted upon the renewal application.

11 . . . .

12 (kk) An incomplete application filed under this section will render the  
13 institution ineligible for renewal.

14 8. Title 5, Section 71745 of the California Code of Regulations states, in pertinent part:

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

17 (1) Provide all of the educational programs that the institution represented  
18 it would provide.

19 (2) Ensure that all students admitted to its educational programs have a  
20 reasonable opportunity to complete the programs and obtain their degrees or  
21 diplomas.

22 (3) Maintain the minimum standards required by the Act and this chapter.

23 (4) Pay timely refunds as required by Article 13 of the Act.

24 (5) Pay all operating expenses due within 30 days.

25 (6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00  
26 or greater at the end of the most recent fiscal year when using generally  
27 accepted accounting principles, or for an institution participating in Title IV of  
28 the federal Higher Education Act of 1965, meet the composite score  
requirements of the U.S. Department of Education. For the purposes of this  
section, current assets does not include: intangible assets, including goodwill,  
going concern value, organization expense, startup costs, long-term prepayment  
of deferred charges, and non-returnable deposits, or state or federal grant or  
loan funds that are not the property of the institution but are held for future  
disbursement for the benefit of students. Unearned tuition shall be accounted  
for in accordance with general accepted accounting principles.

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

(1) consents in writing to be sued in California;

(2) consents in writing to be subject to the jurisdiction of the Bureau with

respect to the institution's regulation under the Act and this Chapter;

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

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

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

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

9. Title 5, Section 74115 of the California Code of Regulations states, in pertinent part:

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

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

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

(2) Financial statements prepared on an annual basis as required by section 74110(b) shall be prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual financial statements as required under generally accepted accounting principles for nonprofit organizations.

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

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

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

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

(d) "Current" with respect to financial statements means completed no sooner than 120 days prior to the time it is submitted to the Bureau, and covering no less than

1 the most recent complete fiscal year. If more than 8 months will have elapsed  
2 between the close of the most recent complete fiscal year and the time it is submitted,  
3 the fiscal statements shall also cover no less than five months of that current fiscal  
4 year.

5 **FIRST CAUSE FOR DENIAL OF APPLICATION**

6 **(Failure to Produce Current Reviewed or Audited Financial Statements)**

7 10. Respondent's Application is subject to denial under section 94887 of the Code and  
8 California Code of Regulations, title 5, sections 71475(e), 71745, and 74115 in that Respondent  
9 has not provided financial statements sufficient to establish its financial resources to conduct  
10 business. The circumstances are as follows:

- 11 i. When Respondent submitted its application on or about January 16, 2020,  
12 Respondent failed to provide current reviewed or audited financial statements.
- 13 ii. On February 18, 2020, the Bureau issued a deficiency letter to Respondent informing  
14 Respondent of this failure.
- 15 iii. In response to the first deficiency letter, on April 22, 2020, Respondent submitted a  
16 balance sheet (as of April 15, 2020), a profit and loss statement (for January 1-April  
17 15, 2020), and a statement of cash flows (for January 1-April 15, 2020). However,  
18 these financial statements were not reviewed or audited.
- 19 iv. On August 2, 2021, the Bureau sent a second deficiency letter confirming that  
20 Respondent still had not submitted current reviewed or audited financial statements.
- 21 v. Respondent submitted a response to the Bureau's second deficiency letter on August  
22 24, 2021, but still did not submit current reviewed or audited financial statements.
- 23 vi. On November 29, 2021, Respondent submitted a balance sheet for 2019 and a profit  
24 and loss statement for 2019. However, these financial statements were not reviewed  
25 or audited.
- 26 vii. On November 30, 2021, the Bureau sent Respondent another request for current  
27 reviewed or audited financial statements.
- 28 viii. On December 3, 2021, Respondent requested additional time to respond to the  
Bureau's request.

- 1 ix. On April 7, 2023, the Bureau sent Respondent a third deficiency letter requesting  
2 current reviewed or audited financial statements.
- 3 x. On May 10, 2023, Respondent provided a balance sheet (as of May 10, 2023) and a  
4 profit and loss statement (for January 1-May 10, 2023). However, these financial  
5 statements were not reviewed or audited.
- 6 xi. On July 13, 2023, the Bureau sent Respondent a fourth deficiency letter requesting  
7 current reviewed or audited financial statements.
- 8 xii. The Bureau mailed a denial letter to Respondent on September 11, 2023.
- 9 xiii. On September 28, 2023, Respondent submitted additional financial statements to the  
10 Bureau. However, none of these statements were reviewed or audited.
- 11 xiv. As of the date of this Statement of Issues, Respondent still has not submitted current  
12 reviewed or audited financial statements to the Bureau in connection with its  
13 Application.

14 **SECOND CAUSE FOR DENIAL OF APPLICATION**

15 **(Failure to Establish Sufficient Assets and Financial Resources)**

16 11. Respondent's Application is subject to denial under section 94887 of the Code and  
17 California Code of Regulations, title 5, sections 71475(e), 71745, and 74115 in that Respondent  
18 has not provided financial statements sufficient to establish its financial resources to conduct  
19 business, based on the facts alleged in Paragraph 10, above, which is incorporated as though fully  
20 stated herein.

21 **THIRD CAUSE FOR DENIAL OF APPLICATION**

22 **(Incomplete Application)**

23 12. Respondent's Application is subject to denial under section 94887 of the Code and  
24 California Code of Regulations, title 5, sections 71475(kk) in that Respondent's application is  
25 incomplete because it has not provided financial statements sufficient to establish its financial  
26 resources to conduct business, based on the facts alleged in Paragraph 10, above, which is  
27 incorporated as though fully stated herein.

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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 Wag My Tail, Inc., Minou Ataei for Renewal of Approval to Operate an Institution Non-Accredited;
2. Taking such other and further action as deemed necessary and proper.

DATED: March 8, 2024

“Original Signature on File  
DEBORAH COCHRANE  
Chief  
Bureau for Private Postsecondary  
Education  
Department of Consumer Affairs  
State of California  
*Complainant*

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