



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

To: Karen McCall
Financial Recovery Institute
1014 B. St.
San Rafael, CA 94901

INSTITUTION CODE: Unapproved
CITATION NUMBER: 1718056
CITATION ISSUANCE/SERVICE DATE: August 2, 2018
DUE DATE: September 1, 2018
FINE AMOUNT: \$ 75,000.00
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 for the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Karen McCall (McCall), Owner of Financial Recovery Institute (Institution) located at 1014 B. St., San Rafael, CA 94901, pursuant to Business and Professions Code section 125.9 and 149; California Education Code (CEC) section 94944; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violation(s) described below.

BACKGROUND

On March 25, 2016, the Bureau received a complaint that the Institution is operating without Bureau approval in violation of CEC section 94886. Bureau staff investigated the complaint and found evidence that the Institution is offering private postsecondary educational courses that cost more than \$2,500 in tuition per student. Bureau staff reviewed the Institution's website at <https://www.financialrecovery.com/> and found evidence that the Institution is offering vocational courses. Bureau staff interviewed McCall who stated that the Institution charges over \$2,500 in tuition. Bureau staff reviewed the Institution's training materials and found instructions on how to become a "Money Coach" who counsels clients in financial matters. The Institution does not qualify for any of the exemptions listed under CEC section 94874.

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>Violation:</p> <p>CEC 94886. Approval to Operate Required <i>"Except as exempted in Article 4 (commencing with § 94874) or in compliance with the transition provisions in Article 2 (commencing with § 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></p> <p>CEC 94817.5. Approved to Operate or Approved <i>"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."</i></p> <p>CEC 94868. To Offer to the Public <i>"To offer to the public" means to advertise, publicize, solicit, or recruit."</i></p> <p>CEC 94869. To Operate <i>"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."</i></p> <p>CEC 94902. General Enrollment Requirements <i>(a) A student shall enroll solely by means of executing an enrollment agreement. The enrollment agreement shall be signed by the student and by an authorized employee of the institution. (b) An enrollment agreement is not enforceable unless all of the following requirements are met: (1) The student has received the institution's catalog and School Performance Fact Sheet prior to signing the enrollment agreement. (2) At the time of the execution of the enrollment agreement, the institution held a valid approval to operate. (3) Prior to the execution of the enrollment agreement, the student and the institution have signed and dated the information required to be disclosed in the Student Performance Fact Sheet pursuant to subdivisions (a) to (d), inclusive, of Section 94910. Each of these items in the Student Performance Fact Sheet shall include a line for the student to initial and shall be initialed and dated by the student. (c) A student shall receive a copy of the signed enrollment agreement, in writing or electronically, regardless of whether total charges are paid by the student.</i></p> <p>On March 25, 2016, the Bureau received a complaint alleging that the Institution is operating without Bureau approval in violation of CEC section 94886. According to the complainant, the Institution was charging \$25,000 in tuition for one of its courses.</p> <p>On November 14, 2016, Bureau staff reviewed the Institution's Facebook page at www.facebook.com/pg/FinancialRecoveryInstitute/about/?ref=page_internal. Bureau staff found a description of McCall which says, "Author, Speak, Trainer, I train men & women to build lucrative money coaching practices. http://www.financialrecovery.com"</p> <p>On November 18, 2016, Bureau staff reviewed the Institution's training materials and found instructions on how to become a "Money Coach." Bureau staff also found instructions on how to become a financial counselor, how to help clients understand their attitudes toward money, how to</p>

help clients analyze their financial situation, how to arrange a first client appointment, and how to collect payment information.

On November 18, 2016, Bureau staff interviewed McCall and McCall stated that the Institution charges \$6,000, \$7,500, and \$25,000 in tuition for its courses. McCall also stated that she helps her clients establish a business as a "Money Coach" if they are interested.

On January 27, 2017, Bureau staff reviewed one of the Institution's webpages at www.financialrecovery.com/training and found language stating, "Request Information about the Money Coach Training & Mentorship" and "The Financial Recovery Money Coach Training is a program in which you learn new skills and techniques..."

On February 21, 2017, McCall sent Bureau staff a letter with documents attached to it. In one of those documents, McCall stated that she had charged one student \$8,497 and another student \$6,997 in tuition.

On January 23, 2018, Bureau staff watched one of McCall's FRI Vidyard videos at <https://share.vidyard.com/watch/3s2UBqQh5phTuXVr4EofEe>. According to McCall's statements in that video, the Institution's students are required to purchase an online software package called Money Minder Online. According to McCall's statements in that video, along with software prices from the www.moneyminderonline.com website, the Institution was charging between \$2,551 and \$2,594 in tuition.

On March 20, 2018, Bureau staff reviewed one of the Institution's webpages at www.financialrecovery.com/redesign/ and found that the Institution was offering payment plans for its courses. According to those payment plans, the Institution was charging between \$2,698 and \$2,741 in tuition, inclining the price of its Money Minder Online software.

Order of Abatement:

The Bureau orders that the Institution cease to operate as a private postsecondary educational institution. The Institution must discontinue recruiting or enrolling students and cease all instructional services, and advertising in any form or media, including its website at <https://www.financialrecovery.com/>, and any other websites not listed that are associated with the Institution until such time as an approval to operate from the Bureau. The Institution must disconnect all telephone numbers that are associated with the Institution until such time as an approval to operate from the Bureau. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau pursuant to CEC section 94926 and section 94927.5. The Institution must provide a roster of each currently enrolled student at the Institution. The roster must include the name of the student, their contact information (including phone number, email address, and physical address), the program in which they were enrolled, the date of enrollment, the amount paid for the programs and the amount the student was refunded.

Assessment of Fine

The fine for this violation is \$75,000.00

TOTAL ADMINISTRATIVE FINE DUE: \$75,000.00

ASSESSMENT OF A FINE

In accordance with CEC section 94944; and 5, CCR section 75020(b), the Bureau hereby orders this assessment of a fine in the amount of **\$75,000.00** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

COMPLIANCE WITH ORDER OF ABATEMENT

In accordance with the provisions of 5, CCR section 75020 (b) the Bureau hereby issues the order(s) of abatement described above. In accordance with Business and Professions Code section 149, the Bureau may disconnect any telephone service numbers used by an unapproved Institution. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

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 § 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 **September 1, 2018**, 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 **August 2, 2018**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **September 1, 2018**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

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

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

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

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

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Gurinder Sandhu, Citation Analyst, at 916-431-6940 or Gurinder.sandhu@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