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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:

Case No. 1004155

14 **PYRAMIND, INC.; also known as**
15 **PYRAMIND EVOLVING SOUND; also**
16 **known as INSTITUTE FOR ADVANCED**
DIGITAL AUDIO TRAINING

STATEMENT OF ISSUES

17 **Application for Renewal of Approval to**
18 **Operate an Institution Non-Accredited**

19 **Institution Code 3806081**

20 Respondent.

21 Complainant alleges:

22 **PARTIES**

23 1. Dr. Michael Marion, Jr. ("Complainant") brings this Statement of Issues solely in his
24 official capacity as the Chief of the Bureau for Private Postsecondary Education ("Bureau"),
25 Department of Consumer Affairs.

26 2. On or about May 5, 2017, the Bureau received from Respondent Pyramind, Inc., also
27 known as Pyramind Evolving Sound, also known as Institute for Advanced Digital Audio
28 Training ("Respondent"), an Application for Renewal of Approval to Operate an Institution Non-

1 Accredited. The Bureau denied the application on or about December 3, 2018. On or about
2 January 30, 2019, Respondent submitted to the Bureau a request for administrative hearing.

3 **JURISDICTION**

4 3. This Statement of Issues is brought before the Director of the Department of
5 Consumer Affairs (“Director”) for the Bureau for Private Postsecondary Education, under the
6 authority of the following laws. All section references are to the Education Code unless
7 otherwise indicated.

8 4. **Section 94885, subdivision (a)** states, in part:

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

11 . . .

12 “(6) The institution is financially sound and capable of fulfilling its commitments to
13 students.

14 . . .

15 “(9) The institution is maintained and operated in compliance with this chapter and all other
16 applicable ordinances and laws.

17”

18 5. **Section 94886** states:

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

23 6. **Section 94891, subdivision (b)** states:

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

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1 **REGULATORY PROVISIONS**

2 7. **California Code of Regulations, title 5, section 71745, subdivision (a)(6)** states:

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

5 . . .

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

15 8. **California Code of Regulations, title 5, section 74115, subdivision (b)(3)** states:

16 “. . .

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

20 . . .

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

23 **CAUSE FOR DENIAL OF APPLICATION**

24 (Financial Statements)
25 (Educ. Code § 94891, subd. (b); and Cal. Code Regs., title 5, §§ 71745, subd. (a)(6) and
74115, subds. (b)(3))

26 9. Respondent’s application is subject to denial because Respondent failed to provide
27 compliant financial statements. (Educ. Code § 94891, subd. (b); and Cal. Code Regs., title 5, §§
28 71745, subd. (a)(6) and 74115, subds. (b)(3)). In particular, Respondent failed to document that it


1 has at all times sufficient assets and financial resources to maintain a ratio of current assets to
2 current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using
3 generally accepted accounting principles.

4 **PRAYER**

5 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
6 and that following the hearing, the Director of the Department of Consumer Affairs issue a
7 decision:

- 8 1. Denying Respondent's Application for Renewal of Approval to Operate an Institution
9 Non-Accredited; and
10 2. Taking such other and further action as deemed necessary and proper.

11
12
13 DATED: 3/26/19

14 
15 DR. MICHAEL MARION, JR.
16 Chief
17 Bureau for Private Postsecondary Education
18 Department of Consumer Affairs
19 State of California
20 Complainant

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