

1 XAVIER BECERRA
Attorney General of California
2 MARC D. GREENBAUM
Supervising Deputy Attorney General
3 GILLIAN E. FRIEDMAN
Deputy Attorney General
4 State Bar No. 169207
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 269-6294
6 Facsimile: (916) 731-2126
Attorneys for Complainant
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8 **BEFORE THE**
9 **DEPARTMENT OF CONSUMER AFFAIRS**
10 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Statement of Issues
13 Against:

Case No. 1005588

14 **L.A. VOCATIONAL INSTITUTE,**
15 **VANOuhi VANA GODJABASHIAN,**
OWNER

STATEMENT OF ISSUES

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

18 **Institutional Code Number 1939591**

19 Respondent.
20

21
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, Department of
25 Consumer Affairs.

26 2. On or about April 26, 2019, the Bureau for Private Postsecondary Education received
27 an Application for Renewal of Approval to Operate an Institution Non-Accredited from L.A.
28 Vocational Institute, Vanouhi Vana Godjabashian, Owner (Respondent). On or about April 15,

1 2019, Vanouhi Vana Godjabashian also known as Vana Bashan certified under penalty of perjury
2 to the truthfulness of all statements, answers, and representations in the application. The Bureau
3 denied the application on December 16, 2019.

4 **JURISDICTION**

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

9 **STATUTORY PROVISIONS**

10 4. Business and Professions Code of 22 defines the term “board” to include “bureau.”

11 5. Education Code section 94885¹ states:

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

14 (1) The content of each educational program can achieve its stated objective.

15 (2) The institution maintains specific written standards for student admissions for each
16 educational program and those standards are related to the particular educational program.

17 (3) The facilities, instructional equipment, and materials are sufficient to enable students to
18 achieve the educational program's goals.

19 (4) The institution maintains a withdrawal policy and provides refunds.

20 (5) The directors, administrators, and faculty are properly qualified.

21 (6) The institution is financially sound and capable of fulfilling its commitments to
22 students.

23 (7) That, upon satisfactory completion of an educational program, the institution gives
24 students a document signifying the degree or diploma awarded.

25 (8) Adequate records and standard transcripts are maintained and are available to students.

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

28 ¹ California Private Postsecondary Education Act of 2009, Ed. Code §§ 94800 et seq.

1 (b) Except as provided in Section 94885.1, an institution offering a degree must satisfy one
2 of the following requirements:

3 (1) Accreditation by an accrediting agency recognized by the United States Department of
4 Education, with the scope of that accreditation covering the offering of at least one-degree
5 program by the institution.

6 (2) An accreditation plan, approved by the bureau, for the institution to become fully
7 accredited within five years of the bureau's issuance of a provisional approval to operate to the
8 institution. The provisional approval to operate to an unaccredited degree-offering institution
9 shall be in compliance with Section 94885.5.

10 6. Education Code Section 94886 states:

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

15 7. Education Code Section 94887 states:

16 An approval to operate shall be granted only after an applicant has presented sufficient
17 evidence to the bureau, and the bureau has independently verified the information provided by the
18 applicant through site visits or other methods deemed appropriate by the bureau, that the applicant
19 has the capacity to satisfy the minimum operating standards. The bureau shall deny an application
20 for an approval to operate if the application does not satisfy those standards.

21 8. Education Code Section 94893 states:

22 If an institution intends to make a substantive change to its approval to operate, the
23 institution shall receive prior authorization from the bureau. Except as provided in subdivision (a)
24 of Section 94896, if the institution makes the substantive change without prior bureau
25 authorization, the institution's approval to operate may be suspended or revoked.

26 9. Education Code Section 94894 subdivision (a) states in pertinent part:

27 The following changes to an approval to operate are considered substantive changes and
28 require prior authorization:

1 **(a)** A change in educational objectives, including an addition of a new diploma or a degree
2 educational program unrelated to the approved educational programs offered by the institution.

3

4 10. Education Code Section 94897 subdivision (c) states in pertinent part:

5 An institution shall not do any of the following:

6

7 **(c)** Advertise concerning job availability, degree of skill, or length of time required to learn
8 a trade or skill unless the information is accurate and not misleading.

9

10 11. Education Code Section 94899 states:

11 If an institution offers an educational program in a profession, occupation, trade, or career
12 field that requires licensure in this state, the institution shall have an educational program
13 approval from the appropriate state licensing agency to conduct that educational program in order
14 that a student who completes the educational program, except as provided in Section 94905, is
15 eligible to sit for any required licensure examination.

16 12. Education Code Section 94905 states:

17 **(a)** During the enrollment process, an institution offering educational programs designed to
18 lead to positions in a profession, occupation, trade, or career field requiring licensure in this state
19 shall exercise reasonable care to determine if the student will not be eligible to obtain licensure in
20 the profession, occupation, trade, or career field at the time of the student's graduation and shall
21 provide all students enrolled in those programs with a written copy of the requirements for
22 licensure established by the state, including any applicable course requirements established by the
23 state. If the minimum course requirements of the institution exceed the minimum requirements
24 for state licensure, the institution shall disclose this information, including a list of those courses
25 that are not required for state licensure. The institution shall not execute an enrollment agreement
26 with a student that is known to be ineligible for licensure, unless the student's stated objective is
27 other than licensure.

28 ///

1 (c) During the enrollment process, an institution offering educational programs designed to
2 lead to positions in a profession, occupation, trade, or career field where voluntary licensure by a
3 government agency is available, shall provide its students seeking to enroll in those programs
4 with a written copy of the requirements for that voluntary licensure.

5 13. Education Code Section 94909 states in pertinent part:

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

9 . . .

10 (5) A description of the programs offered and a description of the instruction provided in
11 each of the courses offered by the institution, the requirements for completion of each program,
12 including required courses, any final tests or examinations, any required internships or
13 externships, and the total number of credit hours, clock hours, or other increments required for
14 completion.

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

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19 **REGULATORY PROVISIONS**

20 14. Title 5, California Code of Regulations (CCR), section 71700 states:

21 “The Bureau may request that an institution document compliance with the standards set
22 forth in the Act and this Division to obtain and maintain an approval to operate.”

23 15. Title 5, CCR, section 71475 states in pertinent part:

24

25 (t) In addition, the institution shall list in the application, the following for each educational
26 program offered unless there have been no substantive changes since the last submission. If there
27 have been no substantive changes made the institution may so state and is not required to provide
28 documentation.

1 (1) The admissions requirements, including minimum levels of prior education,
2 preparation, or training;

3 (2) If applicable, information regarding the ability-to-benefit examination as required by
4 section 94904 of the Code.

5 (3) The types and amount of general education required;

6 (4) The title of the educational programs and other components of instruction offered,
7 including a description of the level of the courses (e.g., below college level, undergraduate level,
8 graduate level);

9 (5) The mode of instruction;

10 (6) The graduation requirements.

11 (7) Whether the educational program is designed to fit or prepare students for employment
12 in any occupation. If so, the application shall identify each occupation and job title to which the
13 institution represents the educational program will lead.

14 . . .

15 (w)

16 . . .

17 (2) The institution shall submit current, audited financial statements at the time it applies
18 for approval to operate. Each set of financial statements shall comply with Section 74115 of this
19 chapter.

20 (x) The application shall include a statement that the institution has contracted with
21 sufficient duly qualified faculty members who meet the qualifications of section 71720 unless
22 there have been no substantive changes since the last submission. If there have been no
23 substantive changes made the institution may so state and is not required to provide
24 documentation.

25 (y)

26 . . .

27 (3) The application shall include, in addition to the description of the physical facilities,
28 building diagrams or campus maps to assist the Bureau in locating these facilities. The diagrams

1 or maps shall identify the location of classrooms, laboratories, workshops, and libraries unless
2 there have been no substantive changes since the last submission. If there have been no
3 substantive changes made the institution may so state and is not required to provide
4 documentation.

5 . . .

6 (6) The application shall contain a list of all permits, certifications, or other evidence of
7 inspections or authorizations to operate required by the jurisdictions within which the institution
8 operates that the institution has obtained, and/or an explanation as to why those permits,
9 certifications, or inspections have not yet been obtained unless there have been no substantive
10 changes since the last submission. If there have been no substantive changes made the institution
11 may so state and is not required to provide documentation.

12 16. Title 5, CCR, section 71485 states:

13 Failure of an institution to have made current payments of the assessments to the Student
14 Tuition Recovery Fund as required by chapter 7 of this Division, and annual fees as required by
15 chapter 5 of this Division shall render the institution ineligible for renewal.

16 17. Title 5, CCR, section 71650 states in pertinent part:

17 (a) An institution seeking to change its educational objectives shall complete the "Change
18 in Educational Objectives" form (OBJ rev. 2/10) to obtain prior authorization. The form shall be
19 submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the
20 Code. For an institution approved under section 94885 of the Code it shall be signed and dated by
21 the signatory(ies) required by section 71380, and for an instituion approved under section 94890
22 of the Code it shall be signed and dated by the signatory(ies) required by section 71390, and each
23 fact stated therein and each attachment thereto shall be declared to be true under penalty of
24 perjury, in the following form:

25 "I declare under penalty of perjury under the laws of the State of California that the
26 foregoing and all attachments are true and correct.

27

28

1 **(Date)**

2 **(Signature)**"

3

4 18. Title 5, CCR, section 71710 states in pertinent part:

5 In order to meet its mission and objectives, the educational program defined in section
6 94837 of the Code shall be comprised of a curriculum that includes:

7 **(a)** those subject areas that are necessary for a student to achieve the educational objectives
8 of the educational program in which the student is enrolled;

9 ...

10 **(c)** course or module materials that are designed or organized by duly qualified faculty. For
11 each course or module, each student shall be provided with a syllabus or course outline that
12 contains:

13 **(1)** a short, descriptive title of the educational program;

14 **(2)** a statement of educational objectives;

15 **(3)** length of the educational program;

16 **(4)** sequence and frequency of lessons or class sessions;

17 **(5)** complete citations of textbooks and other required written materials;

18 **(6)** sequential and detailed outline of subject matter to be addressed or a list of skills to be
19 learned and how those skills are to be measured;

20 **(7)** instructional mode or methods.

21

22 **(f)** evaluation by duly qualified faculty of those learning outcomes.

23 19. Title 5, CCR, section 71720 states in pertinent part:

24 ...

25 **(b)** Instructors in an Educational Program Not Leading to a Degree.

26 **(1)** An institution shall employ instructors who possess the academic, experiential and
27 professional qualifications to teach, including a minimum of three years of experience,
28 education and training in current practices of the subject area they are teaching. If an

1 instructor does not possess the required three years of experience, education and training in
2 the subject area they are teaching, the institution shall document the qualifications the
3 instructor possesses that are equivalent to the minimum qualifications.

4 **(2)** Each instructor shall maintain their knowledge by completing continuing education
5 courses in his or her subject area, classroom management or other courses related to
6 teaching.

7 **(3)** The institution shall not employ or continue to employ an instructor who was
8 adjudicated in a judicial or administrative proceeding as having violated any provision of
9 the Act or this chapter, or as having committed any act that would constitute grounds for
10 the denial of a license under Section 480 of the Business and Professions Code.

11 20. Title 5, CCR, section 71735 states in pertinent part:

12 **(a)** An institution shall have sufficient facilities and necessary equipment to support the
13 achievement of the educational objectives of all of the courses and educational programs in which
14 students are enrolled. If an institution represents that the educational service will fit or prepare a
15 student for employment in a particular occupation or as described in particular job titles, either of
16 the following conditions shall be met:

17 **(1)** The equipment used for instruction or provided to the student shall be comparable in
18 model type or features to equipment generally used in those occupations or job titles at the time
19 the instruction is offered.

20 **(2)** The institution shall establish that the equipment used for instruction or provided to a
21 student is not obsolete and is sufficient for instructional purposes to reasonably assure that a
22 student acquires the necessary level of education, training, skill, and experience to obtain
23 employment in the field of training and to perform the tasks associated with the occupation or job
24 title to which the educational program was represented to lead.

25 . . .

26 21. Title 5, CCR, section 71745 states:

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

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

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

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

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

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

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

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

20 (1) Consents in writing to be sued in California;

21 (2) Consents in writing to be subject to the jurisdiction of the Bureau with respect to the
22 institution's regulation under the Act and this Chapter;

23 (3) Designates and maintains an agent for service of process, consistent with section 24
74190;

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

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

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

3 22. Title 5, CCR, section 74115 states:

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

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

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

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

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

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

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

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

1 (d) "Current" with respect to financial statements means completed no sooner than 120
2 days prior to the time it is submitted to the Bureau, and covering no less than the most recent
3 complete fiscal year. If more than 8 months will have elapsed between the close of the most
4 recent complete fiscal year and the time it is submitted, the fiscal statements shall also cover no
5 less than five months of that current fiscal year.

6 **FIRST CAUSE FOR DENIAL OF APPLICATION**

7 (Failure to Meet Minimum Operating Standards – Prohibited Business Practices)

8 23. Respondent’s application is subject to denial under Education Code section 94897
9 subdivision (c) in that the institution’s website incorrectly designates the Medical Billing and
10 Coding programs as certification programs. This statement constitutes false and/or misleading
11 advertising because the aforementioned programs offered by the institution do not lead to the
12 achievement of an optional certificate.

13 **SECOND CAUSE FOR DENIAL OF APPLICATION**

14 (Failure to Meet Minimum Operating Standards -Instruction and Degrees Offered)

15 24. Respondent’s application is subject to denial under 5 CCR sections 71650 subdivision
16 (a) and 71475 subdivision (t) and Education Code sections 94893 and 94894 subdivision (a) in
17 that the Instruction and Degrees Offered section of the application identifies one or more
18 program(s) that the institution is not approved to offer. Specifically, the institution identifies the
19 program of Hemodialysis Technician/Patient Care Technician. However, the institution had not
20 obtained prior approval from the Bureau to offer that program.

21 **THIRD CAUSE FOR DENIAL OF APPLICATION**

22 (Failure to Meet Minimum Operating Standards - Description of Educational Program)

23 25. Respondent’s application is subject to denial under 5 CCR section 71710 subdivision
24 (a) and (c)(6), as follows:

25 26. The Pharmacy Technician syllabus for the institution does not include a sequential
26 and detailed outline of subject matter to be addressed, skills to be learned nor how those skills
27 will be measured. As a result, it is unclear whether the program includes the necessary subject
28 areas for the enrolled student to achieve the educational objectives of said program.

1 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

2 (Failure to Meet Minimum Operating Standards - Financial Resources and Statements)

3 27. Respondent's application is subject to denial under Education Code section 71475
4 subdivision (w)(2), 71745 and 74115 in that Respondent's financial statements fail to demonstrate
5 the capacity to meet the minimum operating standards for the institution's financial resources as
6 follows:

7 28. The institution failed to submit current reviewed (or audited) financial statements in
8 accordance with generally accepted accounting principles by a license CPA to demonstrate that
9 they have the required minimum ratio of current assets to current liabilities of 1.25 to 1.00.

10 **FIFTH CAUSE FOR DENIAL OF APPLICATION**

11 (Failure to Meet Minimum Operating Standards - Faculty)

12 29. Respondent's application is subject to denial under denial under 5 CCR section 71475
13 subdivision (x), 71710 subdivisions (c) and (f), and 71720 subdivision (b), in that the institution
14 failed to demonstrate that it has contracted with duly qualified faculty for its programs as follows;

15 30. The institution failed to designate duly qualified faculty for the approved programs
16 of: (a) ESL Levels I-IV, (b) Medical Coding and Billing, (c) N-CLEX-RN, and (d) Central
17 Venous Catheter (CVC)/Nanos Access (VA).

18 31. The institution failed to provide signed contracts, curriculum vitae or any licensure or
19 certifications for the faculty identified only by name² as AS, VP, PK and ND. The Bureau is
20 therefore unable to evaluate the duly qualified nature of these faculty members in order to
21 confirm that the institution has contracted with sufficient duly qualified faculty to instruct and
22 assess student outcomes for their programs.

23 32. The institution failed to provide documentation to demonstrate that curriculum
24 creators STK and HF were qualified to design and organize course materials for the courses
25 Physical Therapy Aide and Massage Therapy and ESL I-IV, respectively.

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28 ²The names of the identified instructors are designated by initials for privacy.

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SIXTH CAUSE FOR DENIAL OF APPLICATION

(Failure to Meet Minimum Operating Standards - Facilities and Equipment)

33. Respondent’s application is subject to denial under 5 CCR section 71475 subdivision (y)(3),(6) and 71735 subdivision (a) in that the institution failed to provide a list of all facilities and equipment so that the Bureau can determine whether the facilities are sufficient to support the achievement of educational objectives. The circumstances are as follows:

34. In response to Section 18: Facilities and Equipment of the application requesting information about permits, certifications, inspections or other authorizations to operate, the institution responded “N/A.” The institution is required to provide the aforementioned information or it must provide an explanation as to why those permits, certification or inspections have not yet been obtained.

35. While the institution provided a campus diagram that indicates: "Classroom 1, Classroom 2/Library, Classroom 3 [and] Classroom 4," it does not identify a medical lab, which would be required based on the programs offered by the institution.

SEVENTH CAUSE FOR DENIAL OF APPLICATION

(Failure to Meet Minimum Operating Standards - Catalog)

36. Respondent’s application is subject to denial under Education Code sections 94897 subdivision (c), 94909 subdivision (a)(5),(6), 94899, 94905 subdivisions (a) and (c), and 5 CCR section 71650 subdivision (a) in that the catalog for the institution is misleading to potential students in that it represents an unapproved Hemodialysis Technician Program as well as courses that lead to certification upon completion, however the programs are not approved for certification. The circumstances are as follows:

37. The catalog fails to reference the requirement that Hemodialysis Technician graduates become certified by the California Department of Public Health (CDPH), but this is contingent on the institution having approval from the CDPH or Bureau to offer this program. To date, the institution has not been approved to offer this program.

38. The catalog incorrectly identified its 800-hour Massage Therapy program as a "CMT program." The designation is misleading to potential students in that it represents the course to be

1 for a certified massage therapy program. This is false in that the program is not approved by the
2 California Massage Therapy Council (CAMTC) and therefore no certification may issue after
3 completion of the program.

4 39. The catalog also provided licensure information for the following discontinued
5 programs: Nurse Assistant, Psychiatric Technician, Vocational Nursing and for Home Health
6 Aide certification. This information is misleading to potential students who may incorrectly
7 believe that the institution is providing an education for each of these programs that would lead to
8 the required licensure or certification.

9 **EIGHTH CAUSE FOR DENIAL OF APPLICATION**

10 (Failure to Meet Minimum Operating Standards - Annual Fee)

11 40. Respondent's application is subject to denial under 5, CCR section 71485 in that the
12 institution failed to pay their 2019 Annual Fee to the Bureau and the additional late fees due. The
13 institution's failure to have made current payments of annual fees renders the institution ineligible
14 for renewal.

15 **PRAYER**

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

19 1. Denying the application of L.A. Vocational Institute, by Vanouhi Vana Godjabashian
20 also known as Vana Bashan, Owner for Renewal of Approval to Operate an Institution Non-
21 Accredited; and

22 2. Taking such other and further action as deemed necessary and proper.

23
24 DATED: "5/6/2020"

"Original signature on file"
DR. MICHAEL MARION, JR.
Chief
Bureau for Private Postsecondary
Education
Department of Consumer Affairs
State of California
Complainant

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