



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

To: Phillip North
Code District
22519 Hawthorne Blvd.
Torrance, California 90505

INSTITUTION CODE: Unapproved
CITATION NUMBER: 1718035
CITATION ISSUANCE/SERVICE DATE: May 10, 2018
DUE DATE: June 9, 2018
FINE AMOUNT: \$ 100,000.00

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 Phillip North, Owner of Code District (Institution) located at 22519 Hawthorne Blvd., Torrance, California 90505 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 February 13, 2017, the Bureau received a complaint alleging that the Institution is operating without Bureau approval.

On June 26, 2017, the Bureau conducted an online search and discovered an active website under www.codedistrict.io which advertised a \$13,500 total tuition for a 24-week web developer boot camp. The Institution has been in operation since 2013.

On June 27, 2017, the Bureau mailed an unapproved institution letter to 22519 Hawthorne Blvd., Torrance, California 90505 which ordered the Institution to cease operating as a private postsecondary educational institution.

The Bureau determined that the Institution is conducting business as a private postsecondary educational institution based on an unannounced visit to the Institution on October 19, 2017. The Bureau obtained photos of the student sign in sheet for a four-month period. It was confirmed the Institution operates from the Torrance location and conducts meetup events in various locations.

On November 17, 2017, Bureau’s Licensing Unit denied the Institution’s Application for Verification of Exempt Status as the Institution did not demonstrate they met the exemption of CEC 94874 (f), “... An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid from state or federal student financial aid programs.”

On November 28, 2017, the Bureau searched the Institution website and discovered two upcoming courses:

- Front-End Web Developer \$4,500 for 12 weeks starting January 8, 2018.
- Web Development for \$13,500 for 24 weeks starting January 8, 2018.

The Institution continues to offer courses through its website at www.codedistrict.io

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 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></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 94857. Postsecondary Education <i>“Postsecondary education” means a formal institutional educational program whose curriculum is designed primarily for students who have completed or terminated their secondary education or are beyond the compulsory age of secondary education, including programs whose purpose is academic, vocational, or continuing professional education.</i></p> <p>CEC 94858. Private Postsecondary Educational Institution <i>“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.</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.</i> <i>(b) An enrollment agreement is not enforceable unless all of the following requirements are met:</i></p>

(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.

During the Bureau staff's field investigation on October 19, 2017, the Bureau staff discovered that the Institution is in operation. Staff obtained a copy of students sign in sheets dated June 19, 2017 through October 16, 2017. A total of 74 students were listed on the sign in sheet. The Institution is operating out of Cowork Southbay and an employee of Cowork Southbay, confirmed the Institution has several boot camp events at various locations.

The Institution advertises programs on its website at www.codedistrict.io, on Meetup.com, [https://www.meetup.com/code-district/? cookie-check=yM75tyIM4S7_v3L4](https://www.meetup.com/code-district/?cookie-check=yM75tyIM4S7_v3L4), on Facebook.com, <https://www.facebook.com/codedistrict>, on Switchup.org, <https://www.switchup.org/bootcamps/code-district>. The Institution has a Yelp page at <https://www.yelp.com/biz/code-district-torrance-3> that lists an address of 22519 Hawthorne Blvd., Torrance, CA 90505 and a phone number of (310) 974-1975.

Bureau searched the Institution website and discovered two courses being offered:

- Front-End Web Developer \$4500 for 12 weeks starting January 8, 2018.
- Web Development for \$13,500 for 24 weeks starting January 8, 2018.

Based on the Bureau's investigation, the Institution is conducting business as a private postsecondary educational institution at 22519 Hawthorne Blvd., Torrance, CA 90505 and is not exempt from the provisions of the California Private Postsecondary Act. The Institution advertises at least two programs costing \$4,500.00 and \$13,500.00. The Institution falls under the definition of a private postsecondary educational institution under CEC section 94858. The Institution submitted an Application for Verification of Exempt Status to the Bureau and the Bureau denied the Verification of Exempt Status on November 17, 2017, as the Institution did not demonstrate they met the exemption of CEC 94874(f), "... An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid form state or federal student financial aid programs."

The Institution continues to operate as a private postsecondary educational institution without Bureau approval and is in violation of CEC section 94886.

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 type of media (including internet website, www.codedistrict.io) and any other websites not listed that are associated with Code District, until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service for (310) 974-1975 and any other telephone numbers not identified here that are

associated with institution until such time as an approval to operate is obtained from the Bureau. The Institution must provide a refund to all students enrolled at the school prior to receiving an approval to operate from the Bureau as the enrollment agreements signed by the students are not enforceable since the school does not have a valid approval to operate. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau pursuant to California Education Code 94926 and 94927.5. The Institution must provide a roster of each student currently enrolled at Code District. 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 program, and the amount the student was refunded.

Assessment of Fine

The fine for this violation is \$100,000.00

TOTAL ADMINISTRATIVE FINE DUE: \$100,000.00

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 **\$100,000.00** 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 Section 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 **June 9, 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 **May 10, 2018**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **June 9, 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