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**BEFORE THE
DEPARTMENT OF CONSUMER AFFAIRS
FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION
STATE OF CALIFORNIA**

In the Matter of the First Amended Statement
of Issues Against:
**LOS ANGELES BEAUTY COLLEGE;
EVELYN SALAS, OWNER**
**Renewal for Approval to Operate and Offer
Educational Programs for Non-Accredited
Institutions Applicant**
Institution Code: 1904831

Respondent.

BPPE Case No. 1002943
OAH Case No.
**FIRST AMENDED STATEMENT OF
ISSUES**

Complainant alleges:

PARTIES

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

2. On or about June 28, 2013, the Bureau for Private Postsecondary Education ("the Bureau") received an application for a Renewal for Approval to Operate and Offer Educational Programs for Non-Accredited Institutions from Los Angeles Beauty College, Evelyn Salas

1 (Owner), (“Respondent”). On or about June 28, 2013, Evelyn Salas (Owner) certified under penalty
2 of perjury to the truthfulness of all statements, answers, and representations in the application. The
3 Bureau denied the application on August 25, 2017.

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 California Education Code unless
8 otherwise indicated.

9 4. Section 94886 states:

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

14 5. Section 94887 states:

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

20 **STATUTORY PROVISIONS¹**

21 6. Section 94817 of the Education Code states:

22 “Approval to operate” or “approval” means the authorization pursuant to this chapter to
23 offer to the public and to provide postsecondary educational programs, as well as the written
24 document issued to an institution signifying its approval to operate.”

25
26
27 ¹ On October 11, 2009, the California Private Postsecondary Education Act of 2009 was
28 signed into law. (Educ. Code, §§ 94800, et seq.) The Act was recently amended, effective
January 1, 2017. (See: Senate Bill No. 1247.) This Statement of Issues is based on the post-
amendment version of the Act.

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7. Section 94891 of the Education Code states in relevant part:

...

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

....

8. Section 94897 of the Education Code states in relevant part:

...

(l) Use the terms "approval," "approved," "approval to operate," or "approved to operate" without stating clearly and conspicuously that approval to operate means compliance with 35 Minimum Operating Standards state standards as set forth in this chapter. If the bureau has granted an institution approval to operate, the institution may indicate that the institution is "licensed" or "licensed to operate," but may not state or imply either of the following:

(1) The institution or its educational programs are endorsed or recommended by the state or by the bureau.

(2) The approval to operate indicates that the institution exceeds minimum state standards as set forth in this chapter.”

...

9. Section 94906 of the Education Code states in relevant part:

“(a) An enrollment agreement shall be written in language that is easily understood. If English is not the student's primary language, and the student is unable to understand the terms and conditions of the enrollment agreement, the student shall have the right to obtain a clear explanation of the terms and conditions and all cancellation and refund policies in his or her primary language.”

10. Section 94909 of the Education Code states in relevant part:

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

...

1 (2) Except as specified in Article 2 (commencing with section 94802), a statement that the
2 institution is a private institution and that it is approved to operate by the bureau.

3 ...

4 (4) The address or addresses where class sessions will be held.

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

9 ...

10 (8) A detailed description of institutional policies in the following areas:

11 (A) Admissions policies, including the institution's policies regarding the acceptance of
12 credits earned at other institutions or through challenge examinations and achievement tests,
13 admissions requirements for ability-to-benefit students, and a list describing any transfer or
14 articulation agreements between the institution and any other college or university that provides for
15 the transfer of credits earned in the program of instruction. If the institution has not entered into
16 an articulation or transfer agreement with any other college or university, the institution shall
17 disclose that fact.

18 (B) Cancellation, withdrawal, and refund policies, including an explanation that the student
19 has the right to cancel the enrollment agreement and obtain a refund of charges paid through
20 attendance at the first class session, or the seventh day after enrollment, whichever is later. The
21 text shall also include a description of the procedures that a student is required to follow to cancel
22 the enrollment agreement or withdraw from the institution and obtain a refund consistent with the
23 requirements of Article 13 (commencing with Section 94919).

24 ...

25 (9) The schedule of total charges for a period of attendance and an estimated schedule of
26 total charges for the entire educational program.

27 ...

28 (15) The following statement:

1 "NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND CREDENTIALS
2 EARNED AT OUR INSTITUTION

3 The transferability of credits you earn at (name of institution) is at the complete discretion
4 of an institution to which you may seek to transfer. Acceptance of the (degree, diploma, or
5 certificate) you earn in (name of educational program) is also at the complete discretion of the
6 institution to which you may seek to transfer. If the (credits or degree, diploma, or certificate) that
7 you earn at this institution are not accepted at the institution to which you seek to transfer, you may
8 be required to repeat some or all of your coursework at that institution. For this reason, you should
9 make certain that your attendance at this institution will meet your educational goals. This may
10 include contacting an institution to which you may seek to transfer after attending (name of
11 institution) to determine if your (credits or degree, diploma, or certificate) will transfer.””

12 ...

13 11. Section 94911 of the Education Code states:

14 "An enrollment agreement shall include, at a minimum, all of the following:

15 ...

16 (b) A schedule of total charges, including a list of any charges that are nonrefundable and the
17 student's obligations to the Student Tuition Recovery Fund, clearly identified as nonrefundable
18 charges.

19 (c) In underlined capital letters on the same page of the enrollment agreement in which the
20 student's signature is required, the total charges for the current period of attendance, the estimated
21 total charges for the entire educational program, and the total charges the student is obligated to
22 pay upon enrollment.

23 ...

24 (e) (2) The disclosure shall contain the institution's refund policy and a statement that, if the
25 student has received federal student financial aid funds, the student is entitled to a refund of moneys
26 not paid from federal student financial aid program funds.”

27 ...

28 ///

1 12. Section 94910 of the Education Code states:

2 "Except as provided in subdivision (d) of Section 94909 and Section 94910.5, prior to
3 enrollment, an institution shall provide a prospective student with a School Performance Fact Sheet
4 containing, at a minimum, the following information, as it relates to the educational program:

5 (a) Completion rates, as calculated pursuant to Article 16 (commencing with Section 94928).

6 (b) Placement rates for each educational program, as calculated pursuant to Article 16
7 (commencing with Section 94928), if the educational program is designed to lead to, or the
8 institution makes any express or implied claim related to preparing students for, a recognized
9 career, occupation, vocation, job, or job title.

10 (c) License examination passage rates for programs leading to employment for which passage
11 of a state licensing examination is required, as calculated pursuant to Article 16 (commencing with
12 Section 94928).

13 (d) Salary or wage information, as calculated pursuant to Article 16 (commencing with
14 Section 94928).

15 ...

16 (f) All of the following:

17 (1) A description of the manner in which the figures described in subdivisions (a) to (d),
18 inclusive, are calculated or a statement informing the reader of where he or she may obtain a
19 description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are
20 calculated.

21 (2) A statement informing the reader of where he or she may obtain from the institution a
22 list of the employment positions determined to be within the field for which a student received
23 education and training for the calculation of job placement rates as required by subdivision (b).

24 (3) A statement informing the reader of where he or she may obtain from the institution a list
25 of the objective sources of information used to substantiate the salary disclosure as required by
26 subdivision (d).

27

28 ///

1 (g) The following statements:

2 (1) "This fact sheet is filed with the Bureau for Private Postsecondary Education. Regardless
3 of any information you may have relating to completion rates, placement rates, starting salaries, or
4 license exam passage rates, this fact sheet contains the information as calculated pursuant to state
5 law."

6 (2) "Any questions a student may have regarding this fact sheet that have not been
7 satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary
8 Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and
9 fax numbers)."

10 13. Section 94912 of the Education Code states:

11 "Prior to the execution of an enrollment agreement, the information required to be disclosed
12 pursuant to subdivisions (a) to (d), inclusive, of Section 94910 shall be signed and dated by the
13 institution and the student. Each of these items shall also be initialed and dated by the student."

14 14. Section 94919 of the Education Code, subdivision (c) states:

15 "The bureau may adopt by regulation a different method of calculation for instruction
16 delivered by other means, including, but not necessarily limited to, distance education."

17 15. Section 94920 of the Education Code states in relevant part:

18 ...

19 "(b) Institutions shall refund 100 percent of the amount paid for institutional charges, less a
20 reasonable deposit or application fee not to exceed two hundred fifty dollars (\$250), if notice of
21 cancellation is made through attendance at the first class session, or the seventh day after
22 enrollment, whichever is later.

23 ...

24 (d) An institution that does not participate in federal student financial aid programs shall do
25 all of the following: The institution shall have a refund policy for the return of unearned institutional
26 charges if the student cancels an enrollment agreement or withdraws during a period of attendance.
27 The refund policy for students who have completed 60 percent or less of the period of attendance
28 shall be a pro rata refund."

1 16. Section 94928 of the Education Code states:

2 “As used in this article, the following terms have the following meanings:

3 (a) “Cohort population” means the number of students that began a program on a cohort
4 start date.

5 (b) “Cohort start date” means the first class day after the cancellation period during which a
6 cohort of students attends class for a specific program.

7 (c) “On-time graduates” means the number of students who complete a program within 100
8 percent of the published program length. An institution may separately state completion
9 information for students completing the program within 150 percent of the original contracted time,
10 but that information may not replace completion information for students completing within the
11 original scheduled time. Completion information shall be separately stated for each campus or
12 branch of the institution.

13 (d) “Graduates available for employment” means the number of graduates minus the number
14 of graduates unavailable for employment.

15 (e)(1) “Graduates employed in the field” means graduates who are gainfully employed in a
16 single position for which the institution represents the program prepares its graduates, beginning
17 within six months after a student completes the applicable educational program. For occupations
18 for which the state requires passing an examination, the period of employment shall begin within
19 six months of the announcement of the examination results for the first examination available after
20 a student completes an applicable educational program.

21 (2) The bureau shall define by July 1, 2014, specific measures and standards for determining
22 whether a student is gainfully employed in a full-time or part-time position for which the institution
23 represents the program prepares its graduates, including self-employment or conducting freelance
24 work, and may set the standards for the hours per week and duration of employment and utilize any
25 job classification methodology the bureau determines appropriate for this purpose, including, but
26 not limited to, the United States Department of Labor's Standard Occupational Classification codes.

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1 (3) This subdivision shall not prohibit the bureau from authorizing an institution to aggregate
2 single positions held by a graduate for purposes of meeting the hours per week standards established
3 by the bureau.

4 (f) "Graduates unavailable for employment" means graduates who, after graduation, die,
5 become incarcerated, are called to active military duty, are international students that leave the
6 United States or do not have a visa allowing employment in the United States, or are continuing
7 their education at an accredited or bureau-approved postsecondary institution.

8 (g) "Students available for graduation" means the cohort population minus the number of
9 students unavailable for graduation.

10 (h) "Students unavailable for graduation" means students who have died, been incarcerated,
11 or called to active military duty."

12 17. Section 94934 of the Education Code states:

13 "(a) As part of the compliance program, an institution shall submit an annual report to the
14 bureau, under penalty of perjury, signed by a responsible corporate officer, by July 1 of each year,
15 or another date designated by the bureau, and it shall include the following information for
16 educational programs offered in the reporting period:

17 (1) The total number of students enrolled by level of degree or for a diploma.

18 (2) The number of degrees, by level, and diplomas awarded.

19 (3) The degree levels and diplomas offered.

20 (4) The Student Performance Fact Sheet, as required pursuant to Section 94910.

21 (5) The school catalog, as required pursuant to Section 94909.

22 (6) The total charges for each educational program by period of attendance.

23 (7) A statement indicating whether the institution is, or is not, current in remitting Student
24 Tuition Recovery Fund assessments.

25 (8) A statement indicating whether an accrediting agency has taken any final disciplinary
26 action against the institution.

27 (9) Additional information deemed by the bureau to be reasonably required to ascertain
28 compliance with this chapter.

1 (b) The bureau, by January 1, 2011, shall prescribe the annual report's format and method of
2 delivery."

3 **REGULATORY PROVISIONS**

4 18. California Code of Regulations, title 5, section 71800 states:

5 "In addition to the requirements of section 94911 of the Code, an institution shall provide to
6 each student an enrollment agreement that contains at the least the following information:

7 ...

8 (b) Period covered by the enrollment agreement.

9 ...

10 (e) Itemization of all institutional charges and fees including, as applicable:

11 ...

12 (2) Registration fee (non-refundable);

13 ...

14 (11) Student Tuition Recovery Fund fee (non-refundable);

15 ...

16 (f) Charges paid to an entity other than an institution that is specifically required for
17 participation in the educational program."

18 19. California Code of Regulations, title 5, section 71475 states:

19 ...

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

24 ...

25 (o) The institution shall include, with its application, exemplars of all student enrollment
26 agreements and instruments of indebtedness."

27 ...

28 20. California Code of Regulations, title 5, section 71750 states in relevant part:

1 “(c) A pro rata refund pursuant to section 94919(c) or 94920(d) or 94927 of the Code shall
2 be no less than the total amount owed by the student for the portion of the educational program
3 provided subtracted from the amount paid by the student, calculated as follows:

4 ...

5 (c)(3) Except as provided herein, all amounts that the student has paid shall be subject to
6 refund unless the enrollment agreement and the refund policy outlined in the catalog specify
7 amounts paid for an application fee or deposit not more than \$250.00, books, supplies, or
8 equipment, and specify whether and under what circumstances those amounts are non-refundable.
9 Except when an institution provides a 100% refund pursuant to section 94919(d) or section
10 94920(b) of the Code, any assessment paid pursuant to section 94923 of the Code is non-
11 refundable.”

12 21. California Code of Regulations, title 5, section 71745 states:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 22. California Code of Regulations, title 5, section 71930, subdivision (e) states:

17 “All records that the institution is required to maintain by the Act or this chapter shall be
18 made immediately available by the institution for inspection and copying during normal business
19 hours by the Bureau and any entity authorized to conduct investigations.”

20 23. California Code of Regulations, title 5, section 74115 states:

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

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

26 (1) Audited and reviewed financial statements shall be conducted and prepared in accordance
27 with the generally accepted accounting principles established by the American Institute of Certified
28

1 Public Accountants by an independent certified public accountant who is not an employee, officer,
2 or corporate director or member of the governing board of the institution.

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

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

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

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

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

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

24 24. California Code of Regulations, title 5, section 74112 states:

25 "(a) Format. The format for the Performance Fact Sheet shall be in at least 12 pt. type, in an
26 easily readable font, with 1.15-line spacing and all titles and column headings shall be in bold 14
27 pt. type, which shall also identify the program for which the Performance Fact Sheet pertains. The
28 Performance Fact Sheet shall contain all and only the information required or specifically permitted

1 by sections 94910 and 94929.5 of the Code or this chapter. A separate Performance Fact Sheet shall
2 be prepared for each program.

3 ...

4 (d) In addition to the definitions contained in section 94928 of the Code:

5 (1) "Number of Students Who Began the Program" means the number of students who began
6 a program who were scheduled to complete the program within 100% of the published program
7 length within the reporting calendar year, and excludes all students who cancelled during the
8 cancellation period.

9 (2) "Number of On-time Graduates" means the number of students who completed the
10 program within 100% of the published program length within the reporting calendar year.

11 (3) "Gainfully Employed" means:

12 (A)(i) The graduate is employed in a job classification under the United States Department
13 of Labor's Standard Occupational Classification codes, using the Detailed Occupation (six-digit)
14 level, for which the institution has identified in its catalog and in its employment positions list
15 required by section 94910(f)(2) of the Code that the program prepares its graduates; and

16 (ii) The graduate is employed in a single position or concurrent aggregated positions totaling
17 at least 30 hours per week for 5 weeks (35 calendar days), or totaling at least 20 hours per week for
18 5 weeks (35 calendar days) with a statement signed by the graduate stating that he or she chose to
19 seek part-time employment rather than fulltime employment after graduation; or

20 (B) The graduate is employed by the same employer that employed the graduate before
21 enrollment, and any of the following conditions are met:

22 (i) the graduate is employed in an occupation with a different Detailed Occupation(six-digit)
23 level Standard Occupational Classification code than applies to the position in which the graduate
24 was employed before enrollment; or

25 (ii) the employer or the graduate provides a statement to the effect that the employment after
26 graduation was the result of a promotion with increased pay, due at least in part to graduation from
27 the program;

1 (iii) the employer or the graduate provides a statement to the effect that the degree or the
2 completed program was required as a condition of continued employment; or

3 (C) The graduate is self-employed or working freelance as reasonably evidenced by, but not
4 limited to, a business license, fictitious business name statement, advertising (other than business
5 cards), website, or business receipts or other evidence of income from business; or an attestation
6 signed by the graduate of self-employment or freelance work and dated after graduation.

7 ...

8 (f) Total Charges. The institution's Annual Report and Performance Fact Sheet shall include
9 the total charges for a student to complete the program within 100% of the program length. The
10 institution must include the disclosure that there may be additional charges if the program is not
11 completed on-time.

12 Total charges shall be disclosed in the Performance Fact Sheet in a format substantially
13 similar to the format listed below (dates and numbers are for example only):

14 Cost of Educational Program:

15 Total Charges for the program for students completing on-time in 20XX: >\$50,000.

16 Total Charges may be higher for students that do not complete on-time.

17 Student's Initials: _____

18 Date: _____

19 Initial only after you have had sufficient time to read and understand the information.”

20 (g) Student Loan/Debt Information.

21 (1) If the institution participates in federal financial aid programs, the institution shall
22 include loan information in the institution's Annual Report and on the Performance Fact Sheet.

23 The loan information shall include:

24 (A) The most recent three year cohort default rate, as reported by the United States
25 Department of Education;

26 (B) The percentage of enrolled students receiving federal student loans;

27 (C) The average amount of federal student loan debt of those graduates who have federal
28 student loan debt in the reporting year; and

1 (D) The percentage of graduates with federal student loans, as calculated by the
2 institution.

3 Loan information shall be included in the Performance Fact Sheet in a format substantially
4 similar to the format listed below (dates and numbers are for example only):

5 (h) Completion Rates. Reporting of completion rates for an institution's Annual Report and
6 Performance Fact Sheet shall include, for each educational program, the number of students who
7 began the program as defined in subdivision (d)(1) of this section, the number of students available
8 for graduation, number of on-time graduates, and completion rate(s). An optional table may be
9 added to include completion rate data for students completing within 150% of the published
10 program length. For an institution reporting completion data pursuant to section 94929(b) of the
11 Code, completion data shall be separately reported for each program and the Performance Fact
12 Sheet shall disclose, if true, that the completion data is being reported for students completing
13 within 150% of the published program length, and that data is not being separately reported for
14 students completing the program within 100% of the published program length. Programs that are
15 more than one year in length which are reporting 150% Completion Rate will provide four calendar
16 years of data.

17 Completion rates shall be included in the Performance Fact Sheet in a format substantially
18 similar to the chart below (dates, numbers, and other data shown are for example only):

19 On-time Completion Rates (Graduation Rates) (includes data for the two calendar years prior to
20 reporting)

21 Name of Educational Program (Program Length)

22

23 Calendar Year	24 Number of Students Who Began the Program	Students Available for Graduation	Number of On-time Graduates	On-time Completion Rate
25 20XX	100	98	70	71%
26 20XY	80	80	55	69%

27
28 Students Completing Within 150% of the Published Program Length

1 Name of Educational Program (Program Length)

2 Calendar Year	3 Number of Students Who Began the Program	4 Students Available for Graduation	5 150% Graduates	6 150% Completion Rate
7 20XX	8 100	9 98	10 95	11 97%
12 20XY	13 80	14 80	15 78	16 98%
17 *20XZ	18 90	19 90	20 87	21 97%
22 *20YA	23 87	24 85	25 74	26 87%

27 *Included only if program is more than one year in length

28 Student's Initials: _____ Date: _____

Initial only after you have had sufficient time to read and understand the information.

(i) Job Placement Rates.

(1) Any placement data required by sections 94910(b) and 94929.5(a) of the Code shall be reported for the number of students who began the program as defined in subdivision (d)(1) of this section for each reported calendar year.

(2) Placement is measured six months from the graduation date of each student. For programs that require passage of a licensing examination, placement shall be measured six months after the announcement of the examination results for the first examination available after a student completes an applicable educational program. Reporting of placement rates shall include for each educational program: the number of students who began the program, the number of graduates as defined in section 94842 of the Code, the graduates available for employment, graduates employed in the field and job placement rate(s).

(3) If the institution makes any claim related to preparing students for a job or regarding job placement, the list required by section 94910(f)(2) of the Code shall identify the employment

1 positions by using the Detailed Occupation or six-digit level of the Standard Occupational
 2 Classification codes.

3 (4) Placement rate shall be calculated as follows: the number of graduates employed in the
 4 field as defined in section 94928(e)(1) of the Code in conjunction with section 74112(d)(3) divided
 5 by the number of graduates available for employment as defined in section 94928(d) of the Code.

6 Job Placement rates and related disclosures shall be included in the Performance Fact Sheet in a
 7 format substantially similar to the charts below, (dates, numbers, and other data shown are for
 8 example only):

9 Job Placement Rates (includes data for the two calendar years prior to reporting)

10 Name of Educational Program (Program Length)

11 Calendar Year	12 Number of Students Who Began the Program	13 Number of Graduates	14 Graduates Available for Employment	15 Graduates Employed in the Field	16 Placement Rate % Employed in the Field
20XX	100	70	70	55	79%
20XY	80	55	55	20	36%

17 Gainful Employment Categories (includes data for the two calendar years prior to reporting)

18 Name of Educational Program (Program Length)

19 Part Time vs. Full Time Employment

20	21 Graduates Employed in the field 20 to 29 hours per week	22 Graduates Employed in the field at least 30 hours per week	23 Total Graduates Employed in the Field
20XX	15	40	55
20XY	5	15	20

26 Single Position vs. Concurrent Aggregated Positions

27
 28

	Graduates Employed in the field in a single position	Graduates Employed in the field in concurrent aggregated positions	Total Graduates Employed in the Field
20XX	52	3	55
20XY	19	1	20

Self-Employed/Freelance Positions

	Graduates Employed who are self-employed or working freelance	Total Graduates Employed in the Field
20XX	3	55
20XY	5	20

Institutional Employment

	Graduates Employed in the field who are employed by the institution, an employer owned by the institution, or an employer who shares ownership with the institution	Total Graduates Employed in the Field
20XX	15	55
20XY	5	20

Student's Initials: _____ Date: _____

Initial only after you have had sufficient time to read and understand the information.

(j) License Examination Passage Rates. If license examination passage rates are not available from the appropriate state agency, an institution shall collect the information directly from its graduates. If an institution demonstrates that, after reasonable efforts, it is unable to obtain the examination passage information from its graduates, the institution shall report the number of students it could not contact and note in a font the same size as the majority of the data on the

1 Performance Fact Sheet, "License examination passage data is not available from the state agency
 2 administering the examination. We were unable to collect data from [enter the number] graduates."
 3 Reporting of license examination passage rates for the Annual Report and the Performance Fact
 4 Sheet shall include, for each educational program: the number of graduates in the reported year, the
 5 number of documented graduates who passed the first available examination, number of
 6 documented graduates who failed the first available examination, the number of graduates for
 7 whom data is not available. An optional column may be added to separately report licensing
 8 examination data for graduates who take and pass the exam after failing initially. The Annual
 9 Report shall also include a description of the processes for attempting to contact those students.
 10 For licensing examinations that are not continuously administered, license examination passage
 11 rates shall be included in the Performance Fact Sheet in a format substantially similar to the chart
 12 below, (dates, numbers, and other data shown are for example only):

13 License Examination Passage Rates (includes data for the two calendar years prior to reporting)

14 Name of Educational Program (Program Length)

15 First Available Exam Date	16 Date Exam Results Announced	17 Number of Graduates in Calendar Year	18 Number of Graduates Taking Exam	19 Number Who Passed Exam	20 Number Who Failed Exam	21 Passage Rate ³
22 2/1/20XX	23 3/15/20XX	24 277	25 80	26 40	27 40	28 50%
6/1/20XX	7/15/20XX	277	100	75	25	75%
10/1/20XX	11/15/20XX	277	82	68	14	76%
2/1/20XY	3/20/20XX	304	80	40	40	50%
6/1/20XY	7/19/20XX	304	100	70	30	70%
10/1/20XY	11/19/20XX	304	92	62	30	67%

License examination passage data is not available from the state agency administering the examination. We were unable to collect data from 32 graduates.

1 Student's Initials: _____ Date: _____

2 Initial only after you have had sufficient time

3 to read and understand the information.

4 For licensing examinations that are continuously administered, license examination passage rates
5 shall be included in the Performance Fact Sheet in a format substantially similar to the chart

6 below (dates, numbers, and other data shown are for example only):

7 License Examination Passage Rates (includes data for the two calendar years prior to reporting)

8 Name of Educational Program (Program Length)

9 10 11	Calendar Year	Number of Graduates in Calendar Year	Number of Graduates Taking Exam	Number Who Passed First Available Exam	Number Who Failed First Available Exam	Passage Rate
12	20XX	95	80	40	40	50%
13 14	20XY	109	100	75	25	75%

15 License examination passage data is not available from the state agency administering the
16 examination. We were unable to collect data from 10 graduates.

17 Student's Initials: _____ Date: _____

18 Initial only after you have had sufficient time

19 to read and understand the information.

20 (k) Salary and Wage Information.

21 All Salary and Wage Information shall be reported to the Bureau pursuant to sections 94910(d)
22 and 94929.5(a)(3) of the Code and shall be included in the Performance Fact Sheet, for each
23 educational program, in a format substantially similar to the chart below (dates, numbers, salaries,
24 and other data shown are for example only).

25 Salary and Wage Information (includes data for the two calendar years prior to reporting)

26 Name of Educational Program (Program Length)

27 Annual Salary and Wages Reported for Graduates Employed in the Field

28

Calendar Year	Graduates Available for Employment	Graduates Employed in the Field	\$15,000 - \$20,000	\$20,001 - \$25,000	\$25,001 - \$30,000	\$30,001 - \$35,000	No Salary Information Reported
20XX	100	70	5	40	6	3	16
20XY	80	55	5	7	3	5	35

A list of sources used to substantiate salary disclosures is available from the school. (Insert how student can obtain this information.)

Student's Initials: _____ Date: _____

Initial only after you have had sufficient time to read and understand the information.

...

(m) Documentation supporting all data reported shall be maintained electronically by the institution for at least five years from the last time the data was included in either an Annual Report or a Performance Fact Sheet, and shall be provided to the Bureau upon request; and the data for each program shall include at a minimum:

(1) the list of job classifications determined to be considered gainful employment for the educational program;

(2) student name(s), address, phone number, email address, program completed, program start date, scheduled completion date, and actual completion dates;

(3) graduate's place of employment and position, date employment began, date employment ended, if applicable, actual salary, hours per week, and the date employment was verified;

(4) for each employer from which employment or salary information was obtained, the employer name(s) address and general phone number, the contact person at the employer and the contact's phone number and email address, and all written communication with employer verifying student's employment or salary;

(5) for students who become self-employed, all documentation necessary to demonstrate self-employment;

1 (6) a description of all attempts to contact each student. or employer;

2 (7) any and all documentation used to provide data regarding license examinations and
3 examination results;

4 (8) for each student determined to be unavailable for graduation or unavailable for
5 employment, the identity of the student, the type of unavailability, the dates of unavailability, and
6 the documentation of the unavailability; and

7 (9) the name, email address, phone number, and position or title of the institution's
8 representative who was primarily responsible for obtaining the students' completion, placement,
9 licensing, and salary and wage data, the date that the information was gathered, and copies of notes,
10 letters or emails through which the information was requested and gathered.”

11 25. California Code of Regulations, title 5, section 71485 states:

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

15 26. California Code of Regulations, title 5, section 76130 states in relevant part:

16 ...

17 “(b) A qualifying institution shall complete the STRF Assessment report and remit it with
18 the STRF assessments collected from students to be received by the Bureau no later than the last
19 day of the month following the close of the quarter as follows:

20 (1) April 30 for the first quarter,

21 (2) July 31 for the second quarter,

22 (3) October 31 for the third quarter, and

23 (4) January 31 for the fourth quarter.

24 If the due date falls on a Saturday, Sunday, or State or federal holiday, the due date shall be
25 extended to the next regular business day for the Bureau.”

26 ...

27 “(e) Submission of all prior reports and assessments required by this section is a condition of
28 renewal.”

1 27. California Code of Regulations, title 5, section 74110 states:

2 “(a) The annual report required by Section 94934 of the Code shall include the information
3 required by sections 94929.5 and 94934 for all educational programs offered in the prior calendar
4 year, and all of the following for the prior calendar year:

5 (1) Information regarding institutional branch campuses, including addresses and programs
6 offered at each campus, if applicable;

7 (2) Information regarding satellite locations, including addresses and with which campus(es)
8 the satellite location is affiliated, if applicable;

9 (3) Name of institutional accreditors for each branch and satellite campus, and for each such
10 campus at which any programs have programmatic accreditation, the names of the programmatic
11 accreditor for each such program, and effective dates for each programmatic accreditation, if
12 applicable;

13 (4) Information regarding participation in state and federal student loan and grant programs,
14 including the total amount of funding received from each source for those students enrolled in an
15 approved California school regardless of their state of residency;

16 (5) Information regarding participation in other public funding programs, including the
17 amount of funding received from each public funding source; for purposes of this section, public
18 funding is any financial aid paid on behalf of students or directly to an institution from any public
19 source, such as the Workforce Investment Act, any veterans’ financial aid programs pursuant to
20 Section 21.4253 of Title 38 of the Code of Federal Regulations or any other financial aid program
21 that is intended to help students pay education-related expenses, including tuition, fees, room and
22 board, and supplies for education; and

23 (6) The total percentage of institutional income that comes from any public funding sources.

24 (b) In addition to the information required by section 94934 and this section provided under
25 penalty of perjury, the institution shall have annual financial statements prepared for the
26 institution's prior fiscal year and signed under penalty of perjury, and shall submit a hard copy
27 under separate cover of such statements in conjunction with its annual report. The form, content
28 and mode of preparation of financial statements shall comply with Section 74115 of this Division.

1 The Bureau may request that the institution immediately make available for inspection to a
2 representative of the Bureau, these financial statements at the offices of the institution.

3 (c) An institution shall file its annual report by December 1st. The Bureau may extend the
4 period for filing if the institution demonstrates evidence of substantial need but in no case longer
5 than 60 days. The institution shall not change the date of its filing its annual report because of a
6 change in the fiscal year without the Bureau's approval.

7 (d) The annual report shall be electronically filed by submitting the information required by
8 section 94934 of the Code and this section via the online form provided on the Bureau's website,
9 electronically attaching, as directed, the School Performance Fact Sheet, the enrollment agreement,
10 and the school catalog.”

11 28. California Code of Regulations, title 5, section 71700 states:

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

14 **FACTUAL BACKGROUND**

15 29. On or about June 28, 2013, the Bureau received an “Application for a Renewal for
16 Approval to Operate and Offer Educational Programs for Non-Accredited Institutions” (“Renewal
17 Application”), application number 26428, from Respondent.

18 30. On or about July 1, 2013, the Bureau issued a deficiency letter to Respondent. The
19 letter requested the following information: Enrollment Agreements; current reviewed or audited
20 financial statements; and a thirty-five (35) percent late payment penalty fee because the Renewal
21 Application was received more than 90 days after the approval expiration date.

22 31. On or about July 31, 2013, the Bureau received Respondent’s response to the
23 deficiency letter. The following information was included with Respondent’s response: a check in
24 the amount of \$1,225 for the late penalty fee; and Enrollment Agreements.

25 32. On or about August 12, 2016, the Bureau issued a second deficiency letter to
26 Respondent. The letter outlined deficiencies in the application and asked Respondent to provide
27 the following: a School Performance Fact Sheet (“SPFS”) for the Instructor Program; a corrected
28 SPFS for the Cosmetology, Esthetician, and Manicure Programs; substantiating documentation

1 pertaining to the SPFS for each educational program; 2013 Annual Report and Financial
2 Statements; 2014 Annual Report and Financial Statements; 2016 Annual/Delinquent Fee; and
3 Student Tuition Recovery Fund Assessment Reporting forms and the STRF fees for the 1st through
4 4th quarters of the year 2010.

5 33. On or about October 5, 2016, the Bureau received Respondent's response to the
6 second deficiency letter. The response consisted of the following information: a flash drive
7 containing the Annual Reports for 2013 and 2014; Enrollment Agreements and checklist; and the
8 Catalog and checklist.

9 34. On or about August 25, 2017, the Bureau sent Respondent a "Notice of Denial"
10 letter outlining many deficiencies and grounds for denial.

11 35. On or about September 19, 2017, Respondent submitted a request for an appeal.

12 **FIRST CAUSE FOR DENIAL OF APPLICATION**

13 **(Failure to Meet Minimum Operating Standards – Failure to Provide a Statement**
14 **Regarding Provision of the Enrollment Agreement and Disclosures)**

15 36. Respondent's application is subject to denial under Education Code sections 94891,
16 subdivision (b) and 94906, subdivision (a), in that Respondent has failed to provide a statement to
17 the Bureau indicating how it provides the enrollment agreement, disclosures, and statements to
18 students who are unable to understand the terms and conditions of the enrollment agreement due to
19 English not being their primary language.

20 37. Complainant incorporates by reference herein Paragraphs 29 through 35, above.

21 **SECOND CAUSE FOR DENIAL OF APPLICATION**

22 **(Failure to Meet Minimum Operating Standards – Enrollment Agreement Deficiencies)**

23 38. Respondent's application is subject to denial under Education Code sections 94891,
24 subdivision (b), 94911, subdivisions (b), (c), and (e)(2), and title 5 of the California Code of
25 Regulations, sections 71475, subdivision (o), 71750, subdivision (c)(3), and 71800, subdivisions
26 (b), (c), (e), and (f) in that Respondent failed to include required information in its enrollment
27 agreements, as set forth in greater detail below.

28

1 i. Respondent's application is subject to denial under title 5 of the California Code of
2 Regulations, section 71800 subdivision (b), in that Respondent's enrollment agreement failed to
3 clearly identify the time period covered by the enrollment agreement. The enrollment agreement
4 states on page 1 that the period covered by the enrollment agreement for day students is four months
5 from enrollment and six months from enrollment for night or part-time students; however, the
6 period covered by the enrollment agreement is not clearly identified.

7 ii. Respondent's application is subject to denial under Education Code section 94911,
8 subdivision (b), and title 5 of the California Code of Regulations, section 71800 subdivisions (e)
9 and (f), in that Respondent's enrollment agreement failed to clearly identify whether fees are
10 charged for the following: equipment, uniforms, protective clothing, in-resident housing, tutoring,
11 assessment fees for transfer of credits, and charges paid to an entity other than Respondent that is
12 specifically required for participating in the education program.

13 iii. Respondent's application is subject to denial under Education Code section 94911,
14 subdivision (b), and title 5 of the California Code of Regulations, section 71800 subdivisions (e)
15 (2) and (e)(11), in that Respondent's enrollment agreement failed to identify whether fees for
16 registration and Student Tuition Recovery Fund are nonrefundable.

17 iv. Respondent's application is subject to denial under Education Code section 94911,
18 subdivision (c), in that Respondent's enrollment agreement did not capitalize the total charges for
19 the current period of attendance, the estimated total charges for the entire educational program, and
20 the total charges due upon enrollment. Additionally, Respondent failed to include the following
21 underlined information:

- 22 • TOTAL CHARGES FOR THE CURRENT PERIOD OF ATTENDANCE
- 23 • ESTIMATED TOTAL CHARGE FOR THE ENTIRE EDUCATIONAL PROGRAM
- 24 • THE TOTAL CHARGES THE STUDENT IS OBLIGATED TO PAY UPON
25 ENROLLMENT

26 v. Respondent's application is subject to denial under title 5 of the California Code of
27 Regulations, section 71475 subdivision (o), in that Respondent failed to provide the Bureau with
28 an enrollment agreement for the Instructor Program.

1 vi. Respondent's application is subject to denial under title 5 of the California Code of
2 Regulations, sections 71750, subdivision (c)(3), and 94911, subdivision (e)(2), in that Respondent
3 failed to address in the enrollment agreement whether kits and carrying cases are refundable if
4 students withdraw or cancel prior to issuance of the kits.²

5 39. Complainant incorporates by reference herein Paragraphs 29 through 35, above.

6 **THIRD CAUSE FOR DENIAL OF APPLICATION**

7 **(Failure to Meet Minimum Operating Standards – Failure to Provide Reviewed or Audited**

8 **Financial Statements)**

9 40. Respondent's application is subject to denial under title 5 of the California Code of
10 Regulations, sections 71475, subdivision (e), 71745, and 74115 in that Respondent submitted a
11 Balance Sheet dated June 21, 2013, and a Statement of Income dated January 1, 2013 through
12 May 31, 2013, but did not provide a reviewed or audited financial statement completed by an
13 Independent Certified Public Accountant.

14 41. Complainant incorporates by reference herein Paragraphs 29 through 35, above.

15 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

16 **(Failure to Meet Minimum Operating Standards – Failure to Include Required Information**

17 **in the Catalog)**

18 42. Respondent's application is subject to denial under Education Code sections 94909,
19 subdivisions (a)(4), (a)(5), (a)(8)(A) and (B), (a)(9), (a)(15), 94919, subdivision (c), and title 5 of
20 the California Code of Regulations, section 71750, subdivision (c), in that Respondent failed to
21 include required information in the Catalog, as set forth in greater detail below.

22 i. Respondent's application is subject to denial under Education Code section 94909,
23 subdivision (a)(4), in that Respondent's address where classes are to be held is incomplete, as it is
24 missing the street number.

25 ii. Respondent's application is subject to denial under Education Code section 94909,
26 subdivision (a)(15), in that Respondent did not include required language that addresses

27 ² Page 12 of Respondent's catalog states that each student will receive a complete kit and
28 carrying case at the beginning of mid-point freshman training (approximately 100 hours). Page 1
of the Enrollment Agreement states that these kits are non-refundable.

1 transferability of credits and credentials. The following bolded and underlined language was not
2 included:

3 NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND
4 CREDENTIALS EARNED AT OUR INSTITUTION

5 The transferability of credits you earn at (name of institution) is at the complete
6 discretion of an institution to which you may seek to transfer. Acceptance of the
7 (degree, diploma, or certificate) you earn in (name of educational program) is also
8 at the complete discretion of the institution to which you may seek to transfer. If
9 the (credits or degree, diploma, or certificate) that you earn at this institution are
10 not accepted at the institution to which you seek to transfer, you may be required
11 to repeat some or all of your coursework at that institution. For this reason you
12 should make certain that your attendance at this institution will meet your
13 educational goals. This may include contacting an institution to which you may
14 seek to transfer after attending (name of institution) to determine if your (credits or
15 degree, diploma, or certificate) will transfer.

16 iii. Respondent's application is subject to denial under Education Code section 94909,
17 subdivision (a)(8)(A), in that Respondent stated the incorrect minimum passing scores for the
18 Wonderlic Basic Skills Test. On page seven of the catalog, Respondent states in Paragraph A that
19 the minimum passing score is 60%. In Paragraph B on page seven, Respondent states that the
20 minimum passing score is 15%. Both stated passing scores are incorrect.

21 iv. Respondent's application is subject to denial under Education Code section 94909,
22 subdivision (a)(9), in that Respondent's catalog³ does not state the total charges for a period of
23 attendance and the estimated total charges for the Manicure Program. Page 23 of the catalog states
24 that the total charge for the manicure course is \$1275 and the estimated total charges for the
25 Manicure Program is \$1975. Therefore, it is not possible to determine the total charges for the
26 Manicure Program due to conflicting information.

27 v. Respondent's application is subject to denial under Education Code section 94909,
28 subdivision (a)(8)(B), in that Respondent's catalog did not include a statement informing students
that the student will be refunded all charges paid through attendance at the first class session, or the
seventh day after enrollment, whichever is later.

³ Respondent submitted an updated catalog on October 5, 2016, in response to the August 12, 2013 deficiency letter.

1 vi. Respondent's application is subject to denial under Education Code section 94920,
2 subdivision (d) and title 5 of the California Code of Regulations, section 71750, subdivision (c), in
3 that Respondent's catalog did not provide the pro rata refund policy as required.

4 vii. Respondent's application is subject to denial under Education Code section 94909,
5 subdivision (a)(5), in that Respondent's catalog did not provide a description of the programs
6 offered, the total credit hours required, or include the Instructor Program. In addition, pages 24, 29,
7 and 32 subdivided the curriculum hours for the Cosmetology, Manicure, and Esthetician programs
8 into the following categories of instruction: subject, technical, and practical. However, the hours
9 listed for each instruction type do not match the total hours required for each program.

10 viii. Respondent's application is subject to denial under Education Code sections 94817,
11 94909(a)(2), and 94897, subdivisions (1)(1) and (2), in that on page 1 of the catalog, the institution
12 states that "Los Angeles Beauty College is a private institution approved to operate by the Bureau
13 for Private Postsecondary Education. Approval to Operate means the institution is compliant with
14 the minimum standards contained in the 2017 California State Board of Barbering and
15 Cosmetology Regulations, that all requirements of section 7362.1 of the Business and Professional
16 Code relative to school approval have been met." However, an approval to operate means
17 compliance with state standards set forth in this chapter and does not mean the institution is
18 compliant with the minimum standards contained in the 2017 California State Board of Barbering
19 and Cosmetology Regulations and the requirements of 7362.1 of the Business and Professions
20 Code.

21 ix. Respondent's application is subject to denial under Education Code sections 94920,
22 subdivisions (b) and (d), and California Code of Regulations section 71750(c)(3), in that on page
23 15 of the catalog, the institution states that the school kit is non-refundable after the first day of
24 school; however, on page 12, the institution states that each student will receive a complete kit and
25 carrying case at the beginning of mid-point freshman training (approximately 100 hours). This
26 information is conflicting as the student should be refunded for the kit if the enrollment agreement
27 has been cancelled before the student receives the kit.

28 43. Complainant incorporates by reference herein Paragraphs 29 through 35, above.

1 **FIFTH CAUSE FOR DENIAL OF APPLICATION**

2 **(Failure to Meet Minimum Operating Standards – Failure to Submit Complete and**
3 **Accurate School Performance Fact Sheets)**

4 44. Respondent's application is subject to denial under title 5 of the California Code of
5 Regulations, section 74112, subdivisions (a), (d), (f), (i)(4), (h), (j), (k), (m), and Education Code
6 sections 94910, subdivisions (a), (b), (c), (d), (f), (g), 94912, and 94928, in that Respondent failed
7 to submit a complete and accurate School Performance Fact Sheet ("SPFS") for both 2014 and
8 2015, as follows:

9 i. Respondent's application is subject to denial under title 5 of the California Code of
10 Regulations, section 74112, subdivision (a), in that Respondent failed to submit a separate SPFS
11 for each of the Cosmetology, Esthetician and Manicure Programs. Respondent provided a SPFS for
12 2014-2015 but combined the data for the programs.

13 ii. Respondent's application is subject to denial under title 5 of the California Code of
14 Regulations, section 74112, subdivision (a), in that Respondent failed to submit a SPFS for the
15 Instructor Program.

16 iii. Respondent's application is subject to denial under Education Code section 94910,
17 subdivision (a), in that Respondent submitted inaccurate information in its SPFS for the
18 Cosmetology Program. Respondent's 2014 SPFS states, under the section entitled "Students
19 Completing within 100% of published program length" ("100% Completion"), that there were 24
20 students who began the program but 17 students available for graduation. Students are deemed
21 unavailable for graduation if they are deceased, incarcerated, or called to active military duty,
22 Respondent's report that seven of the original beginning students were unavailable for graduation
23 is not supported by substantiating documentation.

24 iv. Respondent's application is subject to denial under title 5 of the California Code of
25 Regulations, section 74112, subdivision (h) and Education Code section 94910, subdivision (a), in
26 that Respondent provided inconsistent data as to the 2014 SPFS for the Cosmetology Program, as
27 follows:
28

1 • Page two of Respondent's combined SPFS, under "Students completing within 150% of
2 published program length" ("150% completion"), reports there were 12 students who began the
3 Cosmetology Program in 2014; however, page one states that 23 students began the Cosmetology
4 Program in 2014.

5 • Page two of the 2014 SPFS for the Cosmetology Program states that there were seven
6 students available for graduation, however, on page one, under the 100% Completion section, the
7 number of students available for graduation is listed as 17.

8 • Under the 150% Completion section, the SPFS reports that there were seven graduates,
9 however, the number of graduates who completed on-time is 17. Adding the on-time graduates
10 with the graduates who completed within 150% gives a total of 24 total graduates for the 2014
11 school year; however, Respondent reports that 23 students began the program in 2014.

12 v. Respondent's application is subject to denial under title 5 of the California Code of
13 Regulations, section 74112, subdivision (i)(4), and Education Code section 94910, subdivision (b),
14 in that Respondent submitted inconsistent data in the "Placement Rates" section of the 2014 SPFS
15 for the Cosmetology Program. The Placement Rates section states that there were 35 students who
16 began the Cosmetology Program; however, the 100% Completion section states that 23 students
17 began the Cosmetology Program in 2014. Additionally, the "Placement Rates" sections states that
18 there were 24 students; however, the 100% Completion section states that only 23 students began
19 the program.

20 vi. Respondent's application is subject to denial under title 5 of the California Code of
21 Regulations, section 74112, subdivision (j), and Education Code section 94910, subdivision (c), in
22 that Respondent submitted inconsistent data in the "Exam Passage Rates" section of the 2014 SPFS
23 for the Cosmetology Program. The "Exam Passages Rates" section states that 24 students took the
24 exam; however, the 100% Completion section states that 23 students began the program.
25 Respondent did not provide substantiating documentation to explain these inconsistent numbers.

26 vii. Respondent's application is subject to denial under title 5 of the California Code of
27 Regulations, section 74112, subdivision (k), and Education Code section 94910, subdivision (d), in
28 that Respondent submitted inconsistent data in the "Annual Salary and Wages" section of the 2014

1 SPFS for the Cosmetology Program. The "Annual Salary and Wages" section states that 14
2 graduates were available for employment; however, Respondent also stated that 24 students
3 graduated from the program. Students are deemed "not available for employment" if they are
4 deceased, incarcerated, called to active military duty, continuing their education in an accredited
5 institution, or lack a work visa for the United States. Respondent did not provide substantiating
6 documentation to explain why 10 graduates were students "not available for employment".

7 viii. Respondent's application is subject to denial under Education Code section 94910,
8 subdivision (a), in that Respondent submitted inaccurate information under the 100% Completion
9 section for the Esthetician program in the 2014 SPFS. The section reports that there were 62
10 students available for graduation; however, 65 students began the program in 2014. Respondent
11 did not provide substantiating documentation explaining why two students were unavailable for
12 graduation.

13 ix. Respondent's application is subject to denial under title 5 of the California Code of
14 Regulations, section 74112, subdivision (i)(4) and Education Code section 94910, subdivision (b),
15 in that Respondent submitted inaccurate information for the Esthetician Program in the 2014 SPFS.
16 The "Placement Rates" section reports that 62 students began the program; however, below the
17 100% Completion section, it states that 65 students began the program. Additionally, the
18 "Placement Rates" section states that there were 60 graduates; however, the 100% Completion
19 section states that there were 65 students who began the program. Respondent did not provide
20 substantiating documentation to explain the discrepancy.

21 x. Respondent's application is subject to denial under title 5 of the California Code of
22 Regulations, section 74112, subdivision (j) and Education Code section 94910, subdivision (c), in
23 that Respondent submitted inaccurate information under the "Exam Passage Rates" section for the
24 Esthetician Program in the 2014 SPFS. The "Exam Passage Rates" section states that 54 graduates
25 passed the first available exam; however, the section also reports that 12 students failed the exam.
26 Adding the passing students and failing students results in a total of 66; however, Respondent
27 reported that 65 students began the program. Respondent did not submit substantiating
28 documentation explaining the discrepancy between these numbers.

1 xi. Respondent's application is subject to denial under title 5 of the California Code of
2 Regulations, section 74112, subdivision (k) and Education Code section 94910, subdivision (d), in
3 that Respondent submitted inaccurate information under the "Annual Salary and Wages" section
4 for the Esthetician Program in the 2014 SPFS. The "Annual Salary and Wages" section reports that
5 there were 54 graduates available for employment; however, Respondent reported that 62 students
6 graduated. Respondent did not provide substantiating documentation to explain why eight
7 graduates were not available for employment.

8 xii. Respondent's application is subject to denial under Education Code section 94910,
9 subdivision (a), in that Respondent submitted inaccurate information under the 100% Completion
10 section for the Manicure program in the 2014 SPFS. The section reports that there were 73 students
11 available for graduation; however, 75 students began the program in 2014. Respondent did not
12 provide substantiating documentation explaining why two students were unavailable for
13 graduation.

14 xiii. Respondent's application is subject to denial under title 5 of the California Code of
15 Regulations, section 74112, subdivision (i)(4) and Education Code section 94910, subdivision (b),
16 in that Respondent submitted inaccurate information under the "Placement Rates" section for the
17 Manicure Program in the 2014 SPFS. The "Placement Rates" section reports that 72 students
18 graduated from the Manicure Program; however, the 100% Completion section reports that there
19 were 73 graduates. Respondent did not submit substantiating documentation to explain the
20 discrepancy.

21 xiv. Respondent's application is subject to denial under title 5 of the California Code of
22 Regulations, section 74112, subdivision (j) and Education Code section 94910, subdivision (c), in
23 that Respondent submitted inaccurate information under the "Exam Passage Rates" section for the
24 Manicure Program in the 2014 SPFS. The "Exam Passage Rates" section reports that 60 graduates
25 passed the first available exam and 13 students failed the first available exam. Adding the passing
26 students and the failing students results in a total of 73 students; however, Respondent reported that
27 75 students began the Manicure Program in 2014. Respondent did not submit substantiating
28 documentation explaining the discrepancy between these numbers.

1 xv. Respondent's application is subject to denial under title 5 of the California Code of
2 Regulations, section 74112, subdivision (k) and Education Code section 94910, subdivision (d), in
3 that Respondent submitted inaccurate information under the "Annual Salary and Wages" section
4 for the Manicure Program in the 2014 SPFS. The section reports that 62 graduates were available
5 for employment; however, Respondent reports that 73 students graduated. Respondent did not
6 provide substantiating documentation explaining why 11 graduates were not available for
7 employment.

8 xvi. Respondent's application is subject to denial under Education Code section 94910,
9 subdivision (a), in that Respondent submitted inaccurate information under the 100% Completion
10 section for the Cosmetology Program in the 2015 SPFS. Respondent reported that 20 students were
11 available for graduation; however, 28 students began the program in 2015. Respondent did not
12 provide substantiating documentation explaining why eight students were unavailable for
13 graduation.

14 xvii. Respondent's application is subject to denial under title 5 of the California Code of
15 Regulations, section 74112, subdivision (h) and Education Code section 94910, subdivision (a), in
16 that Respondent submitted inaccurate information under the 150% Completion section for the
17 Cosmetology Program in the 2015 SPFS, as follows:

18 • Respondent reported that 15 students began the program; however, the 100%
19 Completion section reports that 28 students began the program.

20 • Respondent reported that the number of students available for graduation was 10;
21 however, the 100% Completion Section reports that 20 students were available for graduation.

22 • Under the 150% Completion section, Respondent reported that 10 students
23 graduated; however, 20 graduates completed on time. Adding the on-time graduates with the
24 graduates who completed within 150% results in a total of 30 graduates for 2015; however,
25 Respondent reports that 28 students began the program in 2015. Respondent did not provide
26 substantiating documentation to explain the discrepancy in these numbers.

27 xviii. Respondent's application is subject to denial under title 5 of the California Code of
28 Regulations, section 74112, subdivision (i)(4) and Education Code section 94910, subdivision (b),

1 in that Respondent submitted inaccurate information under the "Placement Rates" section for the
2 Cosmetology Program in the 2015 SPFS. Respondent reported 43 students began the program;
3 however, under the 100% Completion section, Respondent reported that 28 students began the
4 program. Additionally, under the "Placement Rates" section, Respondent reported that 30 students
5 graduated; however, under the 100% Completion section, Respondent reported that 28 students
6 began the program.

7 xix. Respondent's application is subject to denial under title 5 of the California Code of
8 Regulations, section 74112, subdivision (j) and Education Code section 94910, subdivision (c), in
9 that Respondent submitted inaccurate information under the "Exam Passage Rates" section for the
10 Cosmetology Program in the 2015 SPFS. The "Exam Passage Rates" section reports that 14
11 graduates passed the first available exam and 8 students failed the first available exam. Adding the
12 passing students and the failing students results in a total of 22 students; however, Respondent
13 reports that 28 students began the Cosmetology Program in 2015. Respondent did not submit
14 substantiating documentation explaining the discrepancy between these numbers.

15 xx. Respondent's application is subject to denial under title 5 of the California Code of
16 Regulations, section 74112, subdivision (k) and Education Code section 94910, subdivision (d), in
17 that Respondent submitted inaccurate information under the "Annual Salary and Wages" section
18 for the Cosmetology Program in the 2015 SPFS. Respondent reported that 20 graduates were
19 available for employment; however, Respondent also reported that 28 students began the program.
20 Respondent did not provide substantiating documentation explaining why eight graduates were not
21 available for employment.

22 xxi. Respondent's application is subject to denial under Education Code section 94910,
23 subdivision (a), in that Respondent submitted inaccurate information under the 100% Completion
24 section for the Esthetician Program in the 2015 SPFS. Respondent reported that 45 students were
25 available for gradation; however, Respondent also reported that 48 students began the program in
26 2015. Respondent did not provide substantiating documentation explaining why three students
27 were unavailable for graduation due to being deceased, incarcerated, or called to active military
28 duty.

1 xxii. Respondent's application is subject to denial under title 5 of the California Code of
2 Regulations, section 74112, subdivision (i)(4) and Education Code section 94910, subdivision (b),
3 in that Respondent submitted inaccurate information under the "Placement Rates" section for the
4 Esthetician Program for the 2015 SPFS. Respondent reported that 54 students started the program;
5 however, under the 100% Completion section, Respondent reported that 48 students began the
6 program. Additionally, under the "Placement Rates" section, Respondent reported that 52 students
7 graduated; however, under the 100% Completion section, Respondent reported that 48 students
8 began the program.

9 xxiii. Respondent's application is subject to denial under title 5 of the California Code of
10 Regulations, section 74112, subdivision (j) and Education Code section 94910, subdivision (c), in
11 that Respondent submitted inaccurate information under the "Exam Passage Rates" section for the
12 Esthetician Program for the 2015 SPFS. Respondent reported that 50 graduates passed the first
13 available exam and six students failed the first available exam. Adding the passing students and the
14 failing students results in a total of 56 students; however, Respondent reported that 48 students
15 began the Manicure Program in 2014. Respondent did not submit substantiating documentation
16 explaining the discrepancy between these numbers.

17 xxiv. Respondent's application is subject to denial under title 5 of the California Code of
18 Regulations, section 74112, subdivision (k) and Education Code section 94910, subdivision (d), in
19 that Respondent submitted inaccurate information under the "Annual Salary and Wages" section for
20 the Esthetician Program for the 2015 SPFS. Respondent reported that 48 graduates were available
21 for employment; however, Respondent also reported that 45 students were available for graduation.
22 Respondent did not submit substantiating documentation explaining the discrepancy between these
23 numbers.

24 xxv. Respondent's application is subject to denial under Education Code section 94910,
25 subdivision (a), in that Respondent submitted inaccurate information under the 100% Completion
26 section for the Manicure Program for the 2015 SPFS. Respondent reported that 62 students were
27 available for graduation; however, 68 students began the program. Respondent did not provide
28 substantiating documentation explaining why six students were unavailable for graduation.

1 xxvi. Respondent's application is subject to denial under title 5 of the California Code of
2 Regulations, section 74112, subdivision (i)(4) and Education Code section 94910, subdivision (b),
3 in that Respondent submitted inaccurate information under the "Placement Rates" section for the
4 Manicure Program for the 2015 SPFS. Respondent reported that 64 students began the program in
5 2015; however, the 100% Completion section states that 68 students began the program in 2015.
6 Additionally, the "Placement Rates" section reports that 60 students graduated; however, the 100%
7 Completion section states that 62 students graduated. Respondent did not submit substantiating
8 information explaining these discrepancies.

9 xxvii. Respondent's application is subject to denial under title 5 of the California Code of
10 Regulations, section 74112, subdivision (k) and Education Code section 94910, subdivision (d), in
11 that Respondent submitted inaccurate information under the "Annual Salary and Wages" section for
12 the Manicure Program for the 2015 SPFS. Respondent reported that 52 graduates were available for
13 employment; however, Respondent also reported that 62 students were available for graduation.
14 Respondent did not submit substantiating documentation explaining the discrepancy between these
15 numbers.

16 xxviii. Respondent's application is subject to denial under title 5 of the California Code of
17 Regulations, section 74112, subdivision (d), in that Respondent's SPFS failed to include definitions
18 set forth in both title 5, California Code of Regulation, section 74112, subdivision (d) and Education
19 Code section 94928.

20 xxix. Respondent's application is subject to denial under title 5 of the California Code of
21 Regulations, section 74112, subdivision (f), in that Respondent's SPFS failed to include the total
22 charges for a student to complete a program within 100% of the program length and the disclosure
23 that there may be additional charges if the program is not completed on time.

24 xxx. Respondent's application is subject to denial under Education Code section 94910,
25 subdivision (f) and (g) in that the SPFS did not include the required statements and descriptions set
26 forth in these two subdivisions, which relate to the sources of data and methods used to calculate
27 data required by the Bureau, including job placement rates, license examination passage rates,
28 completion rates.

1 i. Annual Report for 2013: Respondent did not complete section 2 (Programs Data)
2 for each educational program offered during the reporting year and failed to submit an Income
3 Statement and Cash Flow Statement as part of the required Financial Statements.

4 ii. Annual Report for 2014: Respondent did not complete section 2 (Programs Data)
5 for each educational program offered during the reporting year and failed to submit a Balance Sheet
6 and Cash Flow Statement as part of the required Financial Statements.

7 49. Complainant incorporates by reference herein Paragraphs 29 through 35, above.

8 **PRAYER**

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

- 11 1. Denying the application of Los Angeles Beauty College for a Renewal for Approval to
12 Operate and Offer Educational Programs for Non-Accredited Institutions;
13 2. Taking such other and further action as deemed necessary and proper.

14
15 DATED: 10/9/18 Yvette Johnson
16 DR. MICHAEL MARION, JR.
17 Chief
18 Bureau for Private Postsecondary Education
19 Department of Consumer Affairs
20 State of California
21 *Complainant*

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