



Bureau for Private Postsecondary Education
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APPEAL OF CITATION INFORMAL CONFERENCE
DECISION: CITATION AFFIRMED

September 7, 2021

Studio Arts, Ltd., Owner
Studio Arts
570 West Avenue 26, Suite 425
Los Angeles, CA, 90065

Date of Issuance	Citation Number	Institution Code
September 7, 2021	2021268	48441875

On August 5, 2021, an informal telephone conference was held in the matter of Citation: Assessment of Fine and Order of Abatement No. 2021268 Citation) against Studio Arts, Ltd., Owner of Studio Arts (Institution). In attendance were Leeza Rifredi, Deputy Bureau Chief, Eric Huelsman, President, Arthur Morales, General Manager, and Shish Aikat, Curriculum & Learning Manager.

Pursuant to Business and Professions Code, section 125.9; California Education Code, section 94936; and Title 5 of the California Code of Regulations, section 75020 and section 75040, the Bureau for Private Postsecondary Education (Bureau) renders the following decision relative to your appeal of the Citation No. 2021268.

It is the decision of the Deputy Bureau Chief that on August 19, 2021, Citation No. 2021268 is affirmed for the following reason(s):

- No new substantive facts were presented at the conference.

VIOLATION CODE SECTIONS

#	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>5, CCR Section 71770 (a)(1) – Admissions Standards and Transferred Credit Policy <i>“(a) The institution shall establish specific written standards for student admissions for each educational program. These standards shall be related to the particular educational program. An institution shall not admit any student who is obviously unqualified or who does not appear to have a reasonable prospect of completing the program. In addition to any specific standards for an educational program, the admissions standards must specify as applicable that:</i> <i>(1) Each student admitted to an undergraduate degree program, or a diploma program, shall possess a high school diploma or its equivalent, or otherwise successfully take and pass the relevant examination as required by section 94904 of the Code.”</i></p> <p>5, CCR Section 71920 (b)(1)(A)(5)(A-E) – Student Records <i>“(b) In addition to the requirements of section 94900, the file shall contain all of the following pertinent student records:</i> <i>(1) Written records and transcripts of any formal education or training, testing, or experience that are</i></p>

relevant to the student's qualifications for admission to the institution or the institution's award of credit or acceptance of transfer credits including the following:

(A) Verification of high school completion or equivalency or other documentation establishing the student's ability to do college level work, such as successful completion of an ability-to-benefit test;"

(5) In addition to the requirements of section 94900(b) of the Code, a transcript showing all of the following:

(A) The courses or other educational programs that were completed, or were attempted but not completed, and the dates of completion or withdrawal;

(B) Credit awarded for prior experiential learning, including the course title for which credit was awarded and the amount of credit;

(C) Credit for courses earned at other institutions;

(D) Credit based on any examination of academic ability or educational achievement used for admission or college placement purposes;

(E) The name, address, website address, and telephone number of the institution.

CEC Section 94904 (a) – Ability to Benefit Students

“(a) Except as provided in subdivision (c), before an ability-to-benefit student may execute an enrollment agreement, the institution shall have the student take an independently administered examination from the list of examinations prescribed by the United States Department of Education pursuant to Section 484(d) of the federal Higher Education Act of 1965 (20 U.S.C. Sec. 1070a et seq.). The student shall not enroll unless the student achieves a score, as specified by the United States Department of Education, demonstrating that the student may benefit from the education and training being offered.”

Violation: 5, CCR Section 71770 (a)(1), 71920 (b)(1)(A) and CEC Section 94904 (a): Bureau staff reviewed student files and found that files failed to include verification of high school completion, equivalency, or other documentation establishing the student’s ability to do college level work, such as a successful completion of an Ability to Benefit (ATB) exam upon admissions.

Violation: 5, CCR Section 71920 (a)(b)(5)(A-E): Student files failed to include a transcript.

Order of Abatement:

The Bureau orders the Institution to submit a written policy, or procedure, of how future compliance with 5, CCR sections 71770 (a)(1), 71920 (b)(1)(A), and CEC section 94904 (a) will be maintained.

Reason for modification: New substantive facts were presented at the conference. The Order of Abatement has been satisfied.

The fine for this violation is \$1,501.00.

2.

Violation:

CEC Section 94885(a)(6) and (9)– Minimum Operating Standards

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

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

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

5, CCR Section 71745(a)(6)- Financial Resources.

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

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

The Institution’s ratio of 0.41, demonstrates that the Institution fails to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater.

Order of Abatement:

The Bureau orders the institution to:

1. Submit a detailed plan to address its financial shortfalls and to meet the ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year in accordance with 5, CCR 71745(a)(6).
2. In addition, please provide an explanation of all measures to be taken by the Institution to ensure it meets future financial responsibilities.
3. Please provide the Bureau with, in electronic format:
 - a) a roster of all currently enrolled students that includes the student (1) names, (2) addresses, (3) telephone numbers, (4) email addresses, (5) program in which they are enrolled, (6) date of enrollment, (7) total cost of the program and (8) the total amount the student has paid.

Reason for modification: New substantive facts were presented at the conference. The Order of Abatement has been satisfied.

The fine for this violation is \$00.00

TOTAL AFFIRMED ADMINISTRATIVE FINE DUE: \$1,501.00

PENALTY – ASSESSMENT OF A FINE

Payment of the administrative fine is due within 30 days from the date of this decision. Please complete the Payment of Fine form. Payment must be made to the Bureau by check, or money order. Please include the citation number on the payment of the fine assessment. Payment of the administrative fine shall not constitute an admission of the violation(s) charged and shall be represented as satisfactory resolution of the matter for purposes of public disclosure. Payments may be mailed to:

Cheryl Lardizabal, Discipline Citation Program
Bureau for Private Postsecondary Education
1747 N. Market Blvd., Suite 225
Sacramento, CA 95833

APPEAL OF CITATION

You *do not* have the right to request another Informal Conference to appeal this affirmed Citation. If you did not initially request an Administrative Hearing within 30 days from when the original citation was issued, you can no longer request one.

EFFECTIVE DATE OF CITATION AND FINE ASSESSMENT

This affirmed Citation is effective on **September 7, 2021**. The order of abatement and payment are due by **October 7, 2021**.

Failure to abate the violation or to pay the administrative fine within the time allowed is grounds for denial of an application for an approval to operate or discipline. The Bureau will promptly take all appropriate action to enforce the Affirmed 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 decision or desire further information, please contact Cheryl Lardizabal, Citation Analyst, at (916) 574-8968 or at Cheryl.Lardizabal@dca.ca.gov.

“Original Signature on File”

“9/7/2021”

Christina Villanueva
Discipline Manager

Date

Enclosures

- Payment of Fine – Waiver of Appeal Rights
- Declaration of Service by Certified and First-Class Mail