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8
9 **BEFORE THE**
DEPARTMENT OF CONSUMER AFFAIRS
10 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**
STATE OF CALIFORNIA

11
12 In the Matter of the Accusation Against:

Case No. 1000873

13 **ROSTON SCHOOL OF HAIR DESIGN;**
14 **BHASKARA REDDY V. MUAGALA,**
OWNER;
15 **PADMAJA REDDY MUNAGALA,**
OWNER
16 **24805 Alessandro Blvd. #4**
Moreno Valley, CA 92553

A C C U S A T I O N

17 **INSTITUTION CODE: 3600371**

18 Respondent.

19
20 Complainant alleges:

21 **PARTIES**

22 1. Leeza Rifredi (Complainant) brings this Accusation solely in her official capacity as
23 the Deputy Bureau Chief of the Bureau for Private Postsecondary Education, Department of
24 Consumer Affairs.

25 2. On or about June 1, 1981, the Bureau for Private Postsecondary Education (Bureau)
26 issued an approval to Rosston School of Hair Design (Respondent) to operate the following
27 programs: Barber Course, Barber Crossover Course, and Barber Instructor Training.

28 ///

1 Respondent's approval to operate was in full force and effect at all times relevant to the charges
2 brought herein and will expire on November 26, 2019, unless renewed.

3 **JURISDICTION**

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

7 4. Section 94932 provides:

8 The bureau shall determine an institution's compliance with the requirements of this
9 chapter. The bureau shall have the power to require reports that institutions shall file
10 with the bureau in addition to the annual report, to send staff to an institution's sites,
11 and to require documents and responses from an institution to monitor compliance.
12 When the bureau has reason to believe that an institution may be out of compliance, it
13 shall conduct an investigation of the institution. If the bureau determines, after
14 completing a compliance inspection or investigation, that an institution has violated
15 any applicable law or regulation, the bureau shall take appropriate action pursuant to
16 this article.

13 5. Section 94933 provides:

14 The bureau shall provide an institution with the opportunity to remedy
15 noncompliance, impose fines, place the institution on probation, or suspend or revoke
16 the institution's approval to operate, in accordance with this article, as it deems
17 appropriate based on the severity of an institution's violations of this chapter, and the
18 harm caused to students.

17 6. Section 94937 states:

18 (a) As a consequence of an investigation, which may incorporate any materials
19 obtained or produced in connection with a compliance inspection, and upon a finding
20 that an institution has committed a violation, the bureau may place an institution on
21 probation or may suspend or revoke an institution's approval to operate for:

21 ...

22 (2) A material violation or repeated violations of this chapter or regulations adopted
23 pursuant to this chapter that have resulted in harm to students. For purposes of this
24 paragraph, "material violation" includes, but is not limited to, misrepresentation,
25 fraud in the inducement of a contract, and false or misleading claims or advertising,
26 upon which a student reasonably relied in executing an enrollment agreement and that
27 resulted in harm to the student.

25 ...

26 (c) The bureau may seek reimbursement pursuant to Section 125.3 of the Business
27 and Professions Code.

28 (d) An institution shall not be required to pay the cost of investigation to more than
one agency.

1 7. Business and Professions Code section 118, subdivision (b), provides that the
2 suspension, expiration, surrender, or cancellation of a license shall not deprive the Bureau of
3 jurisdiction to proceed with a disciplinary action during the period within which the license may
4 be renewed, restored, reissued or reinstated.

STATUTORY PROVISIONS

Substantive Changes to an Approval to Operate

7 8. Section 94893 provides:

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

11 9. Section 94894 defines "substantive changes" requiring prior authorization as follows:

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

14 (b) A change in ownership.

15 (c) A change in control.

16 (d) A change in business organization form.

17 (e) A change of location.

18 (f) A change of name.

19 (g) A significant change in the method of instructional delivery.

20 (h) An addition of a separate branch more than five miles from the main or branch
21 campus.

Fair Business Practices

22 10. Section 94897 states:

23 An institution shall not do any of the following:

24 ...

25 (e) Advertise, or indicate in promotional material, that the institution is accredited,
26 unless the institution has been accredited by an accrediting agency.
27

28 ...

1 **Recordkeeping**

2 11. Section 94900 states:

3 (a) An institution shall maintain records of the name, address, e-mail address, and
4 telephone number of each student who is enrolled in an educational program in that
institution.

5 (b) An institution shall maintain, for each student granted a degree or certificate by
6 that institution, permanent records of all of the following:

7 (1) The degree or certificate granted and the date on which that degree or certificate
was granted.

8 (2) The courses and units on which the certificate or degree was based.

9 (3) The grades earned by the student in each of those courses.

10 12. Section 94900.5 states:

11 An institution shall maintain, for a period of not less than five years, at its principal
12 place of business in this state, complete and accurate records of all of the following
information:

13 ...

14 (b) The names and addresses of the members of the institution's faculty and records of
the educational qualifications of each member of the faculty.

15 (c) Any other records required to be maintained by this chapter, including, but not
16 limited to, records maintained pursuant to Article 16 (commencing with Section
17 94928).

18 **Enrollment Agreements and Disclosures**

19 13. Section 94909 provides, in pertinent part:

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

22 ...

23 (15) The following statement:

24 "NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND
25 CREDENTIALS EARNED AT OUR INSTITUTION

26 The transferability of credits you earn at (name of institution) is at the complete
27 discretion of an institution to which you may seek to transfer. Acceptance of the
(degree, diploma, or certificate) you earn in (name of educational program) is also at
28 the complete discretion of the institution to which you may seek to transfer. If the
(credits or degree, diploma, or certificate) that you earn at this institution are not
accepted at the institution to which you seek to transfer, you may be required to

1 repeat some or all of your coursework at that institution. For this reason you should
2 make certain that your attendance at this institution will meet your educational goals.
3 This may include contacting an institution to which you may seek to transfer after
attending (name of institution) to determine if your (credits or degree, diploma, or
certificate) will transfer.”

4 14. Section 94910 states:

5 Prior to enrollment, an institution shall provide a prospective student with a School
6 Performance Fact Sheet containing, at a minimum, the following information, as it
relates to the educational program:

7 (a) Completion rates, as calculated pursuant to Article 16 (commencing with Section
8 94928).

9 (b) Placement rates, as calculated pursuant to Article 16 (commencing with Section
10 94928), if the educational program is designed to lead to, or the institution makes any
express or implied claim related to preparing students for, a particular career,
occupation, vocation, job, or job title.

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

13 (d) (1) Salary or wage information, as calculated pursuant to Article 16 (commencing
14 with Section 94928), if the institution or a representative of the institution makes any
express or implied claim about the salary that may be earned after completing the
15 educational program.

16 (2) Additionally, each institution that offers an educational program designed to lead
17 to a particular career, occupation, vocation, trade, job, or job title shall disclose the
wage and salary data for the particular career, occupation, trade, job, or job title, as
18 provided by the Employment Development Department's Occupational Employment
Statistics, if that data is available.

19 ...

20 15. Section 94911 states:

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

22 (a) The name of the institution and the name of the educational program, including
23 the total number of credit hours, clock hours, or other increment required to complete
the educational program.

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

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

1 (d) A clear and conspicuous statement that the enrollment agreement is legally
2 binding when signed by the student and accepted by the institution.

3 (e) (1) A disclosure with a clear and conspicuous caption, 'STUDENT'S RIGHT TO
4 CANCEL,' under which it is explained that the student has the right to cancel the
5 enrollment agreement and obtain a refund of charges paid through attendance at the
6 first class session, or the seventh day after enrollment, whichever is later.

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

10 (3) The text shall also include a description of the procedures that a student is
11 required to follow to cancel the enrollment agreement or withdraw from the
12 institution and obtain a refund.

13 ...

14 (h) The transferability disclosure that is required to be included in the school catalog,
15 as specified in paragraph (15) of subdivision (a) of Section 94909.

16 (i) (1) The following statement: 'Prior to signing this enrollment agreement, you must
17 be given a catalog or brochure and a School Performance Fact Sheet, which you are
18 encouraged to review prior to signing this agreement. These documents contain
19 important policies and performance data for this institution. This institution is
20 required to have you sign and date the information included in the School
21 Performance Fact Sheet relating to completion rates, placement rates, license
22 examination passage rates, and salaries or wages, prior to signing this agreement.'

23 (2) Immediately following the statement required by paragraph (1), a line for the
24 student to initial, including the following statement: 'I certify that I have received the
25 catalog, School Performance Fact Sheet, and information regarding completion rates,
26 placement rates, license examination passage rates, and salary or wage information
27 included in the School Performance Fact sheet, and have signed, initialed, and dated
28 the information provided in the School Performance Fact Sheet.'

...

16. Section 94912 states:

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

17. Section 94913, subdivision (a) states:

An institution that maintains an Internet Web site shall provide on that Internet Web
site all of the following:

(1) The school catalog.

(2) A School Performance Fact Sheet for each educational program offered by the
institution.

- 1 (3) Student brochures offered by the institution.
- 2 (4) A link to the bureau's Internet Web site.
- 3 (5) The institution's most recent annual report submitted to the bureau.

4 **Completion, Placement, Licensure, and Salary Disclosure Requirements**

5 18. Section 94929 states:

6 (a) An institution shall annually report to the bureau, as part of the annual report, and
7 publish in its School Performance Fact Sheet, the completion rate for each program.
8 Except as provided in subdivision (b), the completion rate shall be calculated by
9 dividing the number of graduates by the number of students available for graduation.

10 (b) In lieu of calculating graduation data pursuant to subdivision (a), an institution
11 may report graduation data reported to, and calculated by, the Integrated
12 Postsecondary Education Data System of the United States Department of Education.

13 19. Section 94929.5 states:

14 An institution shall annually report to the bureau, as part of the annual report, and
15 shall publish in its School Performance Fact Sheet, all of the following:

16 (a) The job placement rate, calculated by dividing the number of graduates employed
17 in the field by the number of graduates available for employment for each program
18 that is either (1) designed, or advertised, to lead to a particular career, or (2)
19 advertised or promoted with any claim regarding job placement.

20 (b) The license examination passage rates for the immediately preceding two years
21 for programs leading to employment for which passage of a state licensing
22 examination is required, calculated by dividing the number of graduates who pass the
23 examination by the number of graduates who take the licensing examination the first
24 time that the examination is available after completion of the educational program.
25 The institution shall use state agency licensing data to calculate license examination
26 passage rates. If those data are unavailable, the institution shall calculate the license
27 examination passage rate in a manner consistent with regulations adopted by the
28 bureau.

(c) Salary and wage information, consisting of the total number of graduates
employed in the field and the annual wages or salaries of those graduates stated in
increments of five thousand dollars (\$5,000).

20. Section 94929.7 states:

(a) The information used to substantiate the rates calculated pursuant to Sections
94929 and 94929.5 shall be documented and maintained by the institution for five
years from the date of the publication of those rates. An institution may retain this
information in an electronic format.

(b) An institution shall provide a list of employment positions used to determine the
number of graduates employed in the field for purposes of calculating job placement
rates pursuant to this article.

1 **Compliance, Enforcement, Process, and Penalties**

2 21. Section 94934 states:

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

- 7 (1) The total number of students enrolled by level of degree or for a diploma.
8 (2) The number of degrees, by level, and diplomas awarded.
9 (3) The degree levels and diplomas offered.
10 (4) The Student Performance Fact Sheet, as required pursuant to Section 94910.
11 (5) The school catalog, as required pursuant to Section 94909.
12 (6) The total charges for each educational program by period of attendance.
13 (7) A statement indicating whether the institution is, or is not, current in remitting
14 Student Tuition Recovery Fund assessments.
15 (8) A statement indicating whether an accrediting agency has taken any final
16 disciplinary action against the institution.
17 (9) Additional information deemed by the bureau to be reasonably required to
18 ascertain compliance with this chapter.
19 (b) The bureau, by January 1, 2011, shall prescribe the annual report's format and
20 method of delivery.

18 **REGULATORY PROVISIONS**

19 **Definitions**

20 22. California Code of Regulations, Title 5, Section 7000 (Regulation 7000), provides the
21 following pertinent definitions:

22 ...

23 (b) "Act" means The California Private Postsecondary Education Act of 2009.

24 ...

25 (r) "Objectives" are the goals and methods by which the institution fulfills its mission
26 and transforms it into measurable student learning outcomes for each educational
27 program.

27 ///

28 ///

1 **Applications for a Substantive Change to an Approval to Operate**

2 23. California Code of Regulations, Title 5, Section 71650 (Regulation 71650),
3 subdivision (a), provides:

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

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

15 _____
16 (Date)

17 _____
18 (Signature)"

19 24. California Code of Regulations, Title 5, Section 71660 (Regulation 71660) states:

20 An institution shall notify the Bureau of a non-substantive change including: change
21 of location of less than 10 miles; addition of a program related to the approved
22 programs offered by the institution; addition of a new branch five miles or less from
23 the main or branch campus; addition of a satellite; and change of mailing address. All
24 such notifications shall be made within 30 days of the change and sent to the Bureau,
25 in writing, to the address listed in section 70020.

26 **Minimum Operating Standards**

27 25. California Code of Regulations, Title 5, Section 71720 (Regulation 71720),
28 subdivision (b), provides:

29 Instructors in an Educational Program Not Leading to a Degree.

30 ...

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

34 26. California Code of Regulations, Title 5, Section 71745 (Regulation 71745),
35 subdivision (a), states in pertinent part:

1 The institution shall document that it has at all times sufficient assets and financial
resources to do all of the following:

2 ...

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

4 ...

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

6 (6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at
7 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
8 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
9 include: intangible assets, including goodwill, going concern value, organization
expense, startup costs, long-term prepayment of deferred charges, and non-returnable
10 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
11 tuition shall be accounted for in accordance with general accepted accounting
principles.

12 27. California Code of Regulations, Title 5, Section 71750 (Regulation 71750),
13 subdivision (f) states:

14 The institution shall maintain a cancellation and withdrawal log, kept current on
15 a monthly basis, which shall include the names, addresses, telephone numbers, and
dates of cancellations or withdrawal of all students who have cancelled the enrollment
16 agreement with, or withdrawn from, the institution during the calendar year.

17 Admissions and Academic Achievement Standards

18 28. California Code of Regulations, Title 5, Section 71770 (Regulation 71770),
19 subdivision (a), provides;

20 The institution shall establish specific written standards for student admissions
21 for each educational program. These standards shall be related to the particular
educational program. An institution shall not admit any student who is obviously
22 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
23 admissions standards must specify as applicable that:

24 (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
25 and pass the relevant examination as required by section 94904 of the Code.

26 ...

27 29. California Code of Regulations, Title 5, Section 71800 (Regulation 71800) states:

28 In addition to the requirements of section 94911 of the Code, an institution shall

1 provide to each student an enrollment agreement that contains at the least the
2 following information:

3 ...

4 (b) Period covered by the enrollment agreement.

5 (c) Program start date and scheduled completion date.

6 (d) Date by which the student must exercise his or her right to cancel or withdraw,
7 and the refund policy, including any alternative method of calculation if approved by
8 the Bureau pursuant to section 94921 of the Code.

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

10 (1) tuition;

11 (2) registration fee (non-refundable);

12 (3) equipment;

13 (4) lab supplies or kits;

14 (5) Textbooks, or other learning media;

15 (6) uniforms or other special protective clothing;

16 (7) in-resident housing;

17 (8) tutoring;

18 (9) assessment fees for transfer of credits;

19 (10) fees to transfer credits;

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

21 (12) any other institutional charge or fee.

22 ...

23 30. California Code of Regulations, Title 5, Section 71810 (Regulation 71810) states:

24 (a) Each institution shall provide a catalog pursuant to section 94909 of the Code,
25 which shall be updated annually. Annual updates may be made by the use of
26 supplements or inserts accompanying the catalog. If changes in educational programs,
27 educational services, procedures, or policies required to be included in the catalog by
28 statute or regulation are implemented before the issuance of the annually updated
catalog, those changes shall be reflected at the time they are made in supplements or
inserts accompanying the catalog.

(b) The catalog shall contain the information prescribed by Section 94909 of the Code
and all of the following:

1 ...
2 (3) If the institution admits students from other countries, whether visa services are
3 provided or whether the institution will vouch for student status, and any associated
4 charges;

4 ...
5 (5) Whether any instruction will occur in a language other than English and, if so, the
6 level of proficiency required and the kind of documentation of proficiency, such as
7 the United States Foreign Service Language Rating System, that will be accepted . . .

7 **Maintenance and Production of Records**

8 31. California Code of Regulations, Title 5, Section 71920 (Regulation 71920),
9 subdivision (b), states:

10 In addition to the requirements of section 94900, the file shall contain all of the
11 following pertinent student records:

12 (1) Written records and transcripts of any formal education or training, testing, or
13 experience that are relevant to the student's qualifications for admission to the
14 institution or the institution's award of credit or acceptance of transfer credits
15 including the following:

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

16 ...
17 (4) Records of the dates of enrollment and, if applicable, withdrawal from the
18 institution, leaves of absence, and graduation; and

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

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

22 ...
23 (8) A copy of documents relating to student financial aid that are required to be
24 maintained by law or by a loan guarantee agency;

24 (9) A document showing the total amount of money received from or on behalf of the
25 student and the date or dates on which the money was received . . .

26 32. California Code of Regulations, Title 5, Section 71930 (Regulation 71930) states:

27 (a) An institution shall maintain all records required by the Act and this chapter. The
28 records shall be maintained in this state.

1 (b)(1) In addition to permanently retaining a transcript as required by section
2 94900(b) of the Code, the institution shall maintain for a period of 5 years the
3 pertinent student records described in Section 71920 from the student's date of
4 completion or withdrawal.

5 ...

6 (d) The institution shall maintain a second set of all academic and financial records
7 required by the Act and this chapter at a different location unless the original records,
8 including records stored pursuant to subdivision (b) of this section, are maintained in
9 a manner secure from damage or loss. An acceptable manner of storage under this
10 subsection would include fire resistant cabinets.

11 (e) All records that the institution is required to maintain by the Act or this chapter
12 shall be made immediately available by the institution for inspection and copying
13 during normal business hours by the Bureau and any entity authorized to conduct
14 investigations. . . .

15 Reports

16 33. California Code of Regulations, Title 5, Section 74110 (Regulation 74110),
17 subdivisions (a) and (b), provide:¹

18 (a) The annual report required by section 94934 of the Code shall include the
19 information required by section 94934 for all educational programs offered in the
20 prior calendar year.

21 (b) In addition to the information required by section 94934 provided under penalty
22 of perjury, the institution shall have annual financial statements prepared for the
23 institution's prior fiscal year and signed under penalty of perjury, and shall submit a
24 hard copy under separate cover of such statements in conjunction with its annual
25 report. The form, content and mode of preparation of financial statements shall
26 comply with section 74115 of this Division. The Bureau may request that the
27 institution immediately make available for inspection to a representative of the
28 Bureau, these financial statements at the offices of the institution.

34. California Code of Regulations, Title 5, Section 74112 (Regulation 74112) provides:

(a) Format. The format for the Performance Fact Sheet shall be in at least 12 pt. type,
in an easily readable font, with 1.15 line spacing. The Performance Fact Sheet shall
contain all and only the information required or specifically permitted by section
94910 of the Code or this chapter.

(b) In addition to the definitions contained in section 94928 of the Code:
(1) "Number of Students Who Began Program" means the number of students who
began a program who are scheduled to complete the program within 100% of the
published program length within the reporting calendar year, and includes all the
students who remained enrolled after their cancellation period.

¹ Regulation 74100 and Regulation 74112 were amended effective July 14, 2016. The
text of the regulations that were operative at the time of the alleged violations, which were prior
to July 14, 2016, has been provided.

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

(3) "Graduates Employed in the Field" means those graduates who meet the definition of section 94928(e) of the Code, who have reported their employment to the institution.

(c) Reporting periods:

(1) An Annual Report shall include data for all educational programs as defined in section 94837 of the Code for the previous one calendar year.

(2) A Performance Fact Sheet shall be current and available not later than August 1st, and shall report data for the previous two calendar years based upon the "number of students who began program" or the "number of graduates," as defined in subdivision (b), for each reported calendar year.

(d) Completion Rates. Reporting of completion rates for an institution's Annual Report and Performance Fact Sheet shall include, for each educational program, the number of students who began program as defined in subdivision (b), the number of students available for graduation, number of graduates, and completion rate(s). An optional column may be added to include completion rate data for students completing within 101-150% of the published program length. For an institution reporting completion data pursuant to section 94929(b) of the Code, completion data shall be separately reported for each program. The Performance Fact Sheet shall disclose, if true, that the completion data is being reported for students completing within 150% of the published program length, and that data is not being separately reported for students completing the program within 100% of the published program length.

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

Completion Rates (includes data for the two calendar years prior to reporting)

Name of Educational Program (Program Length)				
Calendar Year	Number of Students Who Began Program ¹	Students Available for Graduation ²	Graduates ³	Completion Rate ⁴
20XX	100	98	70	71%
20XY	80	80	55	69%

///
///

1 Students Completing After Published Program Length – 150% Completion Rate

2 **Name of Educational Program (Program Length)**

3

4 Calendar Year	5 Number of Students Who Began Program ¹	6 Students Available for Graduation ²	7 Graduates ³	8 Completion Rate ⁴
9 20XX	10 100	11 98	12 70	13 71%
14 20XY	15 80	16 80	17 55	18 69%

19 ¹ “Number of Students Who Began Program” is the number of students who began the program who are scheduled to complete the program within the reporting calendar year.

20 ² “Students available for graduation” is the number of students who began program minus the number of “Students unavailable for graduation,” which means those students who have died, been incarcerated, or called to active military duty.

21 ³ “Graduates” is the number of students who completed the program within 100% of the published program length.

22 ⁴ “Completion Rate” is the number of Graduates divided by the Number of Students Available for Graduation.

23 ⁵ “150% Graduates” is the number of students who completed the program within 101-150% of the published program length.

24 ⁶ “150% Completion Rate” is the number of students who completed the program in the reported calendar year within 101-150% of the published program length divided by the Number of Students Available for Graduation in the published program length period.

25 (e) Placement Rates.

26 (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 (b) for each reported calendar year.

27 (2) Placement is measured six months from the graduation date of each student. 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 subdivision (b), graduates available for employment, graduates employed in the field and placement rate(s).

28 (3) Placement rate shall be calculated as follows: the number of graduates employed in the field as defined in subsection 74112(b)(3) divided by the number of graduates available for employment as defined in section 94928(d) of the Code.

(4) Graduates employed in the field shall be reported for those graduates employed in the field in a single position that averages under 32 hours per week and those employed in the field in a single position that averages at least 32 hours per week.

1 References to the Code are to the California Education Code where the California
2 Private Postsecondary Education Act of 2009 is located.

3 Placement rates shall be included in the Performance Fact Sheet in a format
4 substantially similar to the chart below, including the footnoted information below
5 (dates, numbers, and other data shown are for example only):

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

7 **Name of Educational Program (Program Length)**

8 Calendar Year	9 Number of Students Who Began Program ¹	10 Number of Graduates ²	11 Graduates Available for Employment ³	12 Graduates Employed in the Field ⁴	13 Placement Rate % in the Field ⁵	14 Graduates Employed in the Field an average of less than 32 hours per week	15 Graduates Employed in the Field at least 32 hours per week
16 20XX	17 100	18 70	19 70	20 55	21 79%	22 5	23 50
24 20XY	25 80	26 55	27 55	28 20	36%	9	11

1 "Number of Students Who Began Program" means the number of students who began the program who are scheduled to complete the program within the reporting calendar year.

2 "Number of Graduates" is the number of students who have completed the program within 100% of the published program length.

3 "Graduates available for employment" means the number of graduates minus the number of graduates unavailable for employment. "Graduates unavailable for employment" means graduates who, after graduation, die, become incarcerated, are called to active military duty, are international students that leave the United States or do not have a visa allowing employment in the United States, or are continuing their education in an accredited or bureau-approved postsecondary institution.

4 "Graduates employed in the field" means graduates who report that they are gainfully employed within six months of graduation in a position for which the skills obtained through the education and training provided by the institution are required or provided a significant advantage to the graduate in obtaining the position.

5 Placement Rate is calculated by dividing the number of graduates gainfully employed in the field by the number of graduates available for employment.

(f) 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 Performance Fact Sheet, "License examination passage data is not available from the state agency administering the examination. We were unable to collect data from [enter the number] graduates."

Reporting of license examination passage rates for the Annual Report and the Performance Fact Sheet shall include, for each educational program: the number of students completing the program within 150% of published program length in the

1 reported year, the number of documented graduates who passed the first examination,
 2 number of documented graduates who failed the first examination, the number of
 3 graduates for whom data is not available. An optional column may be added to
 4 separately report licensing examination data for students who take and pass the exam
 after failing initially. The Annual Report shall also include a description of the
 processes for attempting to contact those students.

5 For licensing examinations that are not continuously administered, license
 examination passage rates shall be included in the Performance Fact Sheet in a format
 6 substantially similar to the chart below, including the footnoted information below
 (dates, numbers, and other data shown are for example only):

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

9 **Name of Educational Program (Program Length)**

10	Number of Students Taking Exam ¹	Exam Date ²	Number Who Passed Exam	Number Who Failed Exam	Passage Rate ³
11	80	2/1/20XX	40	40	50%
12	100	6/1/20XX	75	25	75%
13	82	10/1/20XX	68	14	76%
14	80	2/1/20XY	40	40	50%
15	100	6/1/20XY	70	30	70%
16	92	10/1/20XY	62	30	67%

17
 18
 19 *License examination passage data is not available from the state agency
 administering the examination. We were unable to collect data from 32 graduates.*

20 ¹ Number of Students Taking Exam is the number of students who completed the
 21 program within 150% of published program length and for whom the reported exam
 is the first exam that was available after their completion of the program.

22 ² Exam Date is the date for the first available exam after the students completed the
 23 program.

24 ³ Passage Rate is calculated by dividing the number of students who pass the exam by
 the number of graduates who take the reported licensing exam.

25 For licensing examinations that are continuously administered, license examination
 26 passage rates shall be included in the Performance Fact Sheet in a format
 substantially similar to the chart below, including the footnoted information below
 (dates, numbers, and other data shown are for example only):

27 ///

28 ///

1 Examination Passage Rates (includes data for the two calendar years prior to
2 reporting)

3 **Name of Educational Program (Program Length)**

4 Calendar Year	5 Number of Students Taking Exam ¹	6 Number Who Passed First Exam Taken ²	7 Number Who Failed First Exam Taken	8 Passage Rate ³
20XX	80	40	40	50%
20XY	100	75	25	75%

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

10 ¹ Number of Students Taking Exam is the number of students who completed the
11 program within 150% of the published program length and who took the exam in the reported calendar year for the first time.

12 ² Number Who Passed First Exam Taken is the number of students who took and
13 passed the licensing exam in the reported calendar year on the first attempt.

14 ³ Passage Rate is calculated by dividing the number of graduates who pass the exam
15 the first time that they take it by the number of graduates who took the licensing exam for the first time after completion of the program.

16 (g) Salary and Wage Information.

17 All Salary and Wage Information shall be reported to the Bureau pursuant to section
18 94929.5(c) of the Code and, if required by section 94910(d) of the Code, shall be included in the Performance Fact Sheet, for each educational program, in a format substantially similar to the chart below, including the footnoted information (dates, numbers, salaries, and other data shown are for example only).

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

21 **Name of Educational Program (Program Length)**

22 *Annual Salary and Wages Reported by Graduates Employed in the Field^B*

23 Calendar Year	24 Graduates Available for Employment ¹	25 Graduates Employed in the Field ²	\$15,000.00	\$20,001.00	\$25,001.00	\$30,001.00	Students Not Reporting Salary
20XX	100	70	5	40	6	3	16
20XY	80	55	5	7	3	5	35

26 ¹ "Graduates available for employment" means the number of graduates minus the
27 number of graduates unavailable for employment. Graduates unavailable for employment means graduates who, after graduation, die, become incarcerated, are called to active military duty, are international students that leave the United States or
28

1 do not have a visa allowing employment in the United States, or are continuing their
2 education in an accredited or bureau-approved postsecondary institution.

3 ² "Graduates employed in the field" means graduates who are gainfully employed
4 within six months of graduation in a position for which the skills obtained through the
5 education and training provided by the institution are required or provided a
6 significant advantage to the graduate in obtaining the position.

7 ³ Salary is as reported by the student. Not all graduates reported salary.

8 (h) Documentation supporting all data reported shall be maintained by the institution
9 for at least five years from the time included in either an Annual Report or a
10 Performance Fact Sheet, and shall include at a minimum: student name(s), address,
11 phone number, email address, program completed, program start and completion
12 dates, place of employment and position, salary, hours, and a description of all
13 attempts to contact each student. Documentation shall also include the name, email
14 address, phone number, and position or title of the institution's representative who is
15 primarily responsible for obtaining the students' completion, placement, licensing,
16 and salary and wage data, the date that the information was gathered, and copies of
17 notes, letters or emails through which the information was requested and gathered.

18 35. California Code of Regulations, Title 5, Section 74115 (Regulation 74115),
19 subdivisions (b) and (c) provide:

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

23 ...

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

26 ...

27 **Student Tuition Recovery Fund**

28 36. California Code of Regulations, Title 5, Section 76120 (Regulation 76120),
subdivision (a) provides:

Each qualifying institution shall collect an assessment of zero dollars (\$0) per one
thousand dollars (\$1,000) of institutional charges, rounded to the nearest thousand
dollars, from each student in an educational program who is a California resident or is
enrolled in a residency program. For institutional charges of one thousand dollars
(\$1,000) or less, the assessment is zero dollars (\$0).

37. California Code of Regulations, Title 5, Section 76130 (Regulation 76130),
subdivision (b) provides:

A qualifying institution shall complete the STRF Assessment Reporting Form (Rev.
2/10) and remit it with the STRF assessments collected from students to be received
by the Bureau no later than the last day of the month following the close of the

1 quarter as follows:

2 (1) April 30 for the first quarter,

3 (2) July 31 for the second quarter,

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

5 (4) January 31 for the fourth quarter. If the due date falls on a Saturday, Sunday or
6 State or federal holiday, the due date shall be extended to the next regular business
7 day for the Bureau.

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

10 38. California Code of Regulations, Title 5, Section 76140 (Regulation 76140),
11 subdivision (a) provides:

12 A qualifying institution shall collect and maintain records of student information to
13 substantiate the data reported on the STRF Assessment Reporting Form and records
14 of the students' eligibility under the Fund. Such records shall include the following
15 for each student:

16 (1) Student identification number,

17 (2) First and last names,

18 (3) Email address,

19 (4) Local or mailing address,

20 (5) Address at the time of enrollment,

21 (6) Home address,

22 (7) Date enrollment agreement signed,

23 (8) Courses and course costs,

24 (9) Amount of STRF assessment collected,

25 (10) Quarter in which the STRF assessment was remitted to the Bureau,

26 (11) Third-party payer identifying information,

27 (12) Total institutional charges charged, and

28 (13) Total institutional charges paid.

COST RECOVERY

39. Business and Professions Code section 125.3 provides, in pertinent part, that the
Bureau may request the administrative law judge to direct a licentiate found to have committed a

1 violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the
2 investigation and enforcement of the case, with failure of the licentiate to comply subjecting the
3 license to not being renewed or reinstated. If a case settles, recovery of investigation and
4 enforcement costs may be included in a stipulated settlement.

5 **FACTUAL BACKGROUND**

6 40. On or about February 17, 2015, the Bureau conducted a compliance inspection which
7 found a number of violations of the Code and Regulations and resulted in an investigation being
8 opened.

9 41. On or about February 10, 2016, the Bureau conducted a field investigation of
10 Respondent at which time students and staff were interviewed and documents were collected. In
11 addition, documents were requested from Respondent before and after the field investigation.
12 The investigation was completed on or about October 20, 2016.

13 **FIRST CAUSE FOR DISCIPLINE**

14 **(Change in Educational Objectives Without Prior Bureau Authorization)**

15 42. Respondent's approval to operate is subject to disciplinary action under Section
16 94937(a)(2), 94893, and 94894(g) and Regulations 7000(r) and 71650(a), in that Respondent
17 made a substantive change to its approval and/or changed its educational objectives without
18 obtaining prior Bureau authorization. The circumstances of this conduct are as follows:

19 a. On or about February 10, 2016, a Bureau investigator observed video tutorials
20 being provided in Spanish. Respondent's staff confirmed that some of their students speak
21 Spanish, and Respondent sometimes provides instruction in Spanish. The investigator also found
22 a flier written in Spanish advertising Respondent's Barbering course.

23 b. As of October 20, 2016, Respondent's educational objectives did not include
24 offering instruction in Spanish, and Respondent did not apply to the Bureau for approval to
25 change its educational objectives prior to advertising in Spanish and offering courses taught in
26 Spanish.

27 c. Respondent did not apply to the Bureau for approval to offer instruction in
28 Spanish, which is a substantive to change to Respondent's approval to operate.

1 **SECOND CAUSE FOR DISCIPLINE**

2 **(Failure to Notify Bureau of Non-Substantive Change)**

3 43. Respondent's approval to operate is subject to disciplinary action under Section
4 94937(a)(2) and Regulation 71660, in that Respondent failed to notify the Bureau within 30 days
5 of a making non-substantive change to its program offerings. The circumstances of this conduct
6 are as follows:

7 a. In its 2015/2016 School Catalog, Respondent offered a Barber Crossover
8 course that is 200 hours. In addition, Respondent had active enrollment agreements with students
9 for the 200 hour Barber Crossover program. Respondent was only approved for a Barber
10 Crossover course that is 400 hours and did not notify the Bureau it was adding a related 200 hour
11 program.

12 **THIRD CAUSE FOR DISCIPLINE**

13 **(Failure to Maintain Sufficient Financial Resources)**

14 44. Respondent's approval to operate is subject to disciplinary action under Section
15 94937(a)(2) and Regulations 71745(a)(3), (a)(5), and (a)(6) and 74115(b)(3), in that Respondent
16 does not meet the minimum standards for financial resources. The circumstances of this conduct
17 are as follows:

18 a. According to the financial statements submitted by Respondent for the 2014
19 calendar year, Respondent's current assets totaled \$2,876 and its current liabilities totaled \$7,430.
20 This results in an assets to liabilities ratio of 0.39 to 1.00. The minimum operating standards
21 regarding financial resources require that an institution maintain an assets to liabilities ratio of
22 1.25 to 1.00 or greater.

23 b. Respondent ended the 2014 calendar year with a cash deficit of \$29,565 and
24 monthly operating expenses of \$19,774.75. The minimum operating standards regarding
25 financial resources require that an institution be able to pay 30 days of operating expenses.

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1 **FOURTH CAUSE FOR DISCIPLINE**

2 **(Failure to Meet Minimum Requirements for Enrollment Agreements)**

3 45. Respondent's approval to operate is subject to disciplinary action under Sections
4 94937(a)(2), 94902, 94906, 94909, and 94911 and Regulation 71800, in that Respondent did not
5 meet the minimum requirements under the Act and Regulations for its enrollment agreements.

6 The circumstances of this conduct are as follows:

7 a. Respondent's enrollment agreement with W.S. started July 15, 2015 and was
8 completed September 15, 2015. However, in her Barber Application for Examination and Initial
9 License Fee form, W.S. stated she attended training with Respondent from July 15, 2015 to
10 November 20, 2015. The enrollment did not cover the dates of instruction, as required by
11 Regulation 71800(b).

12 b. Respondent's enrollment agreement with W.S. did not contain the program start
13 and completion dates, as required by Regulation 71800(c).

14 c. Respondent's enrollment agreement with M.F. (enrolled February 9, 2016) did
15 not contain the date by which the student must exercise her right to cancel, as required by
16 Regulation 71800(d).

17 d. Respondent's enrollment agreement with E.D. (enrolled February 10, 2015) did
18 not contain any itemized charges, as required by Regulation 71800(e)(1-12).

19 e. In or around February 2015 to February 2016, Respondent did not provide
20 catalogs or Student Performance Fact Sheets to students prior to having them sign enrollment
21 agreements, which is required by Section 94902(b)(10).

22 f. Respondent's enrollment agreement with E.D. was not signed by an institution
23 representative, as required by Section 94902(a).

24 g. Respondent did not provide an enrollment agreement or disclosures in Spanish,
25 although it advertises its Barber program in Spanish. This is a violation of Section 94906(b).

26 h. Respondent's enrollment agreement has an incomplete "transfer of credits"
27 disclosure, which does not comply with Section 94909(a)(15).

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1 i. Respondent's enrollment agreements with M.F., E.D., and W.S. did not have
2 the name of the program listed, which is required by Section 94911(a).

3 j. Respondent's enrollment agreement did not have a statement that if a student
4 has received federal aid funds, the student is entitled to a refund of moneys not paid from federal
5 student financial aid program funds, which is required by Section 94911(e)(2).

6 k. Respondent's enrollment agreement does not have a line to initial after the
7 paragraph required by Section 94911(i)(1).

8 **FIFTH CAUSE FOR DISCIPLINE**

9 **(Failure to Exercise Reasonable Care in Determining Student Eligibility to Obtain**
10 **Licensure)**

11 46. Respondent's approval to operate is subject to disciplinary action under Sections
12 94937(a)(2) and 94905(a), in that Respondent admitted students without exercising reasonable
13 care to determine that the students would be eligible to obtain licensure in the profession or
14 occupation for which the educational program was designed. The circumstances of this conduct
15 are as follows:

16 a. The student files for M.M. (enrolled January 21, 2016) and E.T. (enrolled
17 February 1, 2016) did not contain a form of government issued identification or record of a social
18 security number. Such information is required for the student to qualify to sit for licensure with
19 the Board of Barbering and Cosmetology.

20 **SIXTH CAUSE FOR DISCIPLINE**

21 **(Failure to Comply With General Enrollment Requirements)**

22 47. Respondent's approval to operate is subject to disciplinary action under Section
23 94937(a)(2) and Regulation 71770(a), in that Respondent admitted students who did not comply
24 with the program standards. The circumstances of this conduct are as follows:

25 a. The student file for M.F., who was enrolled in the Barber Crossover program,
26 did not contain a document showing admission qualifications for the program, such as a transcript
27 showing previous education, proof of training document, or an active cosmetologist license.

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1 b. Several student files did not contain copies of a high school diploma or its
2 equivalency or proof of an examination meeting the requirements of Education Code section
3 94904.

4 **SEVENTH CAUSE FOR DISCIPLINE**

5 **(Failure to Comply With Requirements For School Catalog)**

6 48. Respondent’s approval to operate is subject to disciplinary action under Sections
7 94937(a)(2) and 94909(a) and Regulation 71810, in that Respondent’s 2015/2016 School Catalog
8 did not contain all of the required information, and Respondent did not provide every student with
9 a school catalog before having them sign an enrollment agreement. The circumstances of this
10 conduct are as follows:

11 a. Students E.T. and M.M said they were not provided a catalog prior to signing
12 an enrollment agreement, as required by Section 71810(a) and Section 94909(a).

13 b. Respondent’s school catalog does not provide information on admitting
14 students from other countries, although in 2016, Respondent had students enrolled from other
15 countries. This is a violation of Regulation 71810(b)(3).

16 c. Respondent’s school catalog states that all instruction will be provided in
17 English, although Respondent provides instruction in Spanish. This is a violation of Regulation
18 71810(b)(5).

19 d. Respondent’s school catalog does not contain program information for the
20 Barber Instructor course offered by Respondent, which is a violation of Section 94909(a)(5). The
21 catalog also contains conflicting information about the length of Respondent’s programs. On
22 page 10, the Barbering course is listed as taking 39.5 weeks, but on page 16, the course is listed as
23 taking 36 weeks. The Barber Crossover course is listed as a 200 hour program, but the
24 curriculum includes 350 hours of required study.

25 e. Respondent’s school catalog does not contain a schedule for total charges for a
26 period of attendance and an estimated schedule of total charges for the entire educational
27 program, as required by Section 94909(a)(9).

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1 **EIGHTH CAUSE FOR DISCIPLINE**

2 **(Failure to Maintain Required Institutional Records)**

3 49. Respondent's approval to operate is subject to disciplinary action under Sections
4 94937(a)(2) and 94900(b) and Regulations 71920 and 71930, in that Respondent failed to
5 maintain the records required under the Act and Regulations. The circumstances of this conduct
6 are as follows:

7 a. Respondent does not maintain records of previous education which would
8 qualify a student for enrollment in the Barber Crossover program, including proof of training
9 documents, evidence of licensure, or transcripts from previous institutions attended, which is
10 required for admission to the Barber Crossover program. This is a violation of Regulation
11 71920(b)(1).

12 b. Respondent does not maintain proof of high school graduation or its
13 equivalency for its enrolled students, which is required by Regulation 71920(b)(1)(A).

14 c. Respondent does not maintain records of the dates of cancellation or
15 withdrawal by students, including paperwork showing funds received and possible refund that
16 would be required. This is a violation of Regulation 71920(b)(4).

17 d. Respondent does not maintain transcripts for students that have graduated,
18 which is required by Regulations 71920(b)(5)(A) and 71930(b)(1) and Section 94900(b).

19 e. Respondent does not maintain financial aid documents for students who are
20 being charged a different tuition cost than what is listed in the school catalog, which is required
21 by Regulation 71920(b)(8).

22 f. Respondent does not maintain in its student files a document showing the total
23 amount of money received from or on behalf of a student. This is a violation of Regulation
24 71920(b)(9).

25 g. Respondent does not maintain information regarding placement rates for its
26 students that have graduated, which is required by Sections 94910 and 94929.5. The failure to
27 maintain records required under the Act is a violation of Regulation 71930(a) and Section
28 94900.5(c).

1 h. Respondent does not maintain student files in a manner that is secure from
2 damage or loss and does not maintain a second set of the files, which is a violation of Regulation
3 71930(d).

4 i. During the investigation by the Bureau on February 10, 2016, Respondent was
5 unable to provide copies of its faculty list, faculty files, and financial statements, which are
6 records required to be maintained under the Act and made immediately available to the Bureau
7 during normal business hours. This is a violation of Regulation 71930(e) and Section 94900.5(b).

8 j. Respondent's files for students E.D. and W.S. did not contain graduation
9 certificates or transcripts showing the courses taken or grades earned by the students, which
10 information is required to be maintained for graduates under Section 94900(b)(1), (2), and (3).

11 **NINTH CAUSE FOR DISCIPLINE**

12 **(Failure to Maintain a Cancellation and Withdrawal Log)**

13 50. Respondent's approval to operate is subject to disciplinary action under Section
14 94937(a)(2), in that Respondent failed to maintain a withdrawal log as required by Regulation
15 71750(f).

16 **TENTH CAUSE FOR DISCIPLINE**

17 **(Failure to Meet Continuing Education Requirements)**

18 51. Respondent's approval to operate is subject to disciplinary action under Section
19 94937(a)(2) and Regulation 71720(b)(2), in that Respondent was unable to provide
20 documentation that L.B., a Barber Instructor, had completed any continuing education courses.

21 **ELEVENTH CAUSE FOR DISCIPLINE**

22 **(Failure to Meet Minimum Requirements for Student Performance Fact Sheet)**

23 52. Respondent's approval to operate is subject to disciplinary action under Section
24 94937(a)(2), in that Respondent's Student Performance Fact Sheet (SPFS) for 2014 did not
25 contain all of the information required under Section 94910, 94912, and 94929.5 and Regulation
26 74112. The circumstances of this conduct are as follows:

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1 a. The 2014 SPFS did not include information for the Barber Instructor Training
2 program, although the program was still being offered during that time period. This is a violation
3 of Sections 94910(a)-(d) and 94929.5(a) and Regulation 74112(c)-(g).

4 b. The 2014 SPFS did not include data for the previous two calendar years, as
5 required by Section 94929.5(a)(2) and Regulation 74112(c)(2).

6 c. The license examination passage rates in the 2014 SPFS did not match the
7 results reported by the Board of Barbering and Cosmetology for the exam. Accordingly,
8 Respondent did not report license examination passage rates calculated pursuant to Article 16 of
9 the Act, which is a violation of Section 94910(c).

10 d. The SPFS did not include Placement Rate information, as required by Section
11 94910(b) and Regulation 74112(e)(4).

12 e. Respondent does not maintain backup documentation for its SPFS that meets
13 the requirements under Regulation 74112(h). The SPFS backup documentation did not include
14 exam passage information, place of employment, position, salary, hours, a description of all
15 attempts to contact each student, as well as the name, email address, phone number, and position
16 or title of the institution's representative who is primarily responsible for obtaining students'
17 completion, placement, licensing, and salary and wage data. The documentation also does not
18 include the date the information was gathered, copies of notes, emails, or letters through which
19 the information was gathered.

20 f. The backup documentation for the 2013/2014 SPFS did not match the data
21 reported in the 2013/2014 SPFS, which is a violation of Section 94910(a)-(d).

22 g. Respondent enrolled students without first providing them a SPFS, which is a
23 violation of Sections 94902, 94910, and 94912.

24 h. Respondent did not document and maintain all of the information necessary to
25 substantiate the performance data reported in its 2014 SPFS, which is a violation of Section
26 94929.7.

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1 **TWELFTH CAUSE FOR DISCIPLINE**

2 **(Failure to Meet Annual Reporting Requirements)**

3 53. Respondent's approval to operate is subject to disciplinary action under Section
4 94937(a)(2), in that Respondent's Annual Report for 2014 did not contain all of the information
5 required under Sections 94929 and 94934 and Regulations 74110 and 74112. The circumstances
6 of this conduct are as follows:

7 a. Respondent's 2014 Annual Report did not include information for all of the
8 educational programs offered in the prior calendar year, which is a violation of Section 94934(a)
9 and Regulation 74110(a).

10 b. Respondent's 2014 Annual Report contained data that did not match the SPFS
11 or SPFS backup documentation.

12 c. Respondent did not accurately report the completion rate in its 2014 Annual
13 Report, which is a violation of Section 94929(a) and Regulation 74112(d).

14 d. Respondent did not accurately report placement and license examination
15 passage rates in its 2013 and 2014 Annual Reports, which is a violation of section 94929.5(a) and
16 Regulation 74112(f). The numbers reported in the 2014 Annual Report did not match the
17 numbers reported in the 2014 SPFS.

18 e. Respondent did not accurately report the license examination passage rates in
19 its 2013 Annual Report, which is a violation of Section 94929.5(a)(2) and Regulation 74112(e)
20 and (f).

21 f. Respondent did not document and maintain all of the information necessary to
22 substantiate the performance data reported in its 2013 and 2014 Annual Report, which is a
23 violation of Section 94929.7.

24 g. The financial statements included with Respondent's 2013 and 2014 Annual
25 Reports did not contain balance sheets, which are required under Regulation 74115. This is a
26 violation of Regulation 74110(b).

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1 **THIRTEENTH CAUSE FOR DISCIPLINE**

2 **(Failure to Comply With Student Tuition Recovery Fund Requirements)**

3 54. Respondent's approval to operate is subject to disciplinary action under Section
4 94937(a)(2) and Regulations 76120(a), 76130(b), and 76140(a), in that Respondent did not
5 comply with the requirements for the Student Tuition Recovery Fund (STRF). The circumstances
6 of this conduct are as follows:

7 a. Respondent's school catalog lists the incorrect amount for STRF charges.

8 b. Respondent charged students D.D., L.B., and W.S. STRF fees, but they were
9 enrolled after January 1, 2015, and were therefore required to pay a \$0.00 STRF Fee per \$1,000
10 of tuition.

11 c. Respondent did not submit the STRF Fees assessed to students D.D., L.B., and
12 W.S. to the Bureau.

13 d. Respondent did not maintain all records required for STRF reporting, including
14 student identification number, courses and course cost, amount of STRF collected, quarter in
15 which STRF assessment was submitted to the Bureau, third party payer identifying information,
16 total institutional charges charged and total institutional charges paid.

17 **FOURTEENTH CAUSE FOR DISCIPLINE**

18 **(Engaged in Prohibited Business Practice)**

19 55. Respondent's approval to operate is subject to disciplinary action under Sections
20 94937(a)(2) and 94897(e), in that Respondent advertised on its website that it was accredited by
21 the National Accredited Commission of Career Arts and Sciences (NACCAS) when Respondent
22 was not accredited by NACCAS.

23 **FIFTEENTH CAUSE FOR DISCIPLINE**

24 **(Failure to Maintain Adequate Internet Website)**

25 36. Respondent's approval to operate is subject to disciplinary action under Sections
26 94937(a)(2) and 94913(a)(1), (2), (3), and (5), in that Respondent failed to provide the following
27 items on its website: a current school catalog; the most recent Annual Report submitted to the

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1 Bureau; a current SPFS for each educational program offered; and a copy of a student brochure
2 that was distributed by Respondent.

3 **PRAYER**

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

6 1. Revoking or suspending the approval to operate issued by the Bureau for Private
7 Postsecondary Education to Rosston School of Hair Design, Institution Code 3600371;

8 2. Ordering Rosston School of Hair Design to pay the Bureau for Private Postsecondary
9 Education the reasonable costs of the investigation and enforcement of this case, pursuant to
10 Business and Professions Code section 125.3; and,

11 3. Taking such other and further action as deemed necessary and proper.

12
13 DATED: 8/14/2017



14 LEEZA RIFREDI
15 Deputy Bureau Chief
16 Bureau for Private Postsecondary Education
17 Department of Consumer Affairs
18 State of California
19 Complainant

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