



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

To: Cali Cosmo DJH, Inc., Owner
Cali Cosmo DJH, Inc.
1760 Fremont Boulevard, Suite F2
Seaside, CA 93955

INSTITUTION CODE: 64494433
CITATION NUMBER: 2021214
CITATION ISSUANCE/SERVICE DATE: March 24, 2021
DUE DATE: April 23, 2021
FINE AMOUNT: \$ 1,501.00
ORDER OF ABATEMENT INCLUDED: YES

Christina Villanueva issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Discipline Manager of the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Cali Cosmo DJH, Inc., Owner of Cali Cosmo DJH, Inc. (Institution) located at, 1760 Fremont Boulevard, Suite F2, Seaside, CA 93955, pursuant to Business and Professions Code section 125.9; California Education Code (CEC) section 94936; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violations described below.

BACKGROUND

On September 16, 2020, the Bureau received a complaint alleging that the Institution was forcing students to take a Leave of Absence (LOA) from the Institution if they did not feel safe attending class in person due to the COVID-19 Pandemic.

Through the course of the investigation and evidence obtained, Bureau staff found that the Institution began offering distance learning hours to students during the COVID-19 Pandemic without Bureau approval. In addition, Bureau staff found that the Institution provided miscalculated refunds to students due to using an incorrect pro rata refund formula.

In addition, all institutions are required to pay annual fee within 30 days of the date on which the Institution originally receives its approval to operate and each year thereafter on the anniversary of the date of the original approval. An institution shall pay its annual fee in addition to any other applicable fees.

Pursuant to CEC section 94930.5 (g). effective July 1, 2018, the annual fee for each campus described in subparagraphs (A) and (B) of paragraph (1) of subdivision (d) shall be in an amount equal to 0.55 percent of that campus' total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000) for each campus.

As of March 24, 2021, the Bureau has not received the late payment penalty fees for calendar years 2018 and 2020 from the Institution.

VIOLATION(S)

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p><u>Violation:</u> CEC Section 94893 – Authorization Required for Substantive Change <i>“If an institution intends to make a substantive change to its approval to operate, the institution shall receive prior authorization from the bureau. Except as provided in 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.”</i></p> <p>CEC Section 94894 – Substantive Change Defined <i>“The following changes to an approval to operate are considered substantive changes and require prior authorization: (g) A significant change in the method of instructional delivery”</i></p> <p>5, CCR, Section 71600 – Application for Significant Change in Method of Instructional Delivery <i>“(a) An institution seeking to make a significant change in its method of instructional delivery shall complete the “Significant Change in Method of Instructional Delivery” form (INS rev. 2/10) to obtain prior authorization. For the purposes of this section a “significant change in instructional delivery” is any change that alters the way students interact with faculty or access significant equipment. The form shall be submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the Code. For an institution approved under section 94885 of the Code, it shall be signed and dated by the signatory(ies) required by section 71380, and for an institution approved under section 94890 of the Code, it shall be signed and dated by the signatory(ies) required by section 71390, and each fact stated therein and each attachment thereto shall be declared to be true under penalty of perjury, in the following form:”</i></p> <p style="color: red;">The Institution failed to notify the Bureau of its intention to make a substantive change. The Institution began offering distance education hours on July 27, 2020, without receiving prior authorization from the Bureau.</p> <p><u>Order of Abatement:</u> The Bureau orders the Institution to submit an Application for a Change in Method of Instructional Delivery if they wish to offer distance learning education. The Institution shall not offer distance learning education and/or distance learning hours until approval from the Bureau is obtained. The Institution shall submit evidence of compliance to the Bureau.</p> <p><u>Assessment of Fine</u> The fine for this violation is <u>\$501.00</u></p>
2.	<p><u>Violation:</u> 5, CCR Section 71750 (c)(1) – Withdrawals and Refunds <i>“(c) A pro rata refund pursuant to section 94919(c) or 94920(d) or 94927 of the Code shall be no less than the total amount owed by the student for the portion of the educational program provided subtracted from the amount paid by the student, calculated as follows: (1) The amount owed equals the daily charge for the program (total institutional charge, divided by</i></p>

the number of days or hours in the program), multiplied by the number of days student attended, or was scheduled to attend, prior to withdrawal.”

The Institution failed to include the proper pro rata refund calculation sheet. The document failed to include the total institutional charges in its pro rata refund calculation formula, therefore the pro rata refund was miscalculated by the Institution.

Order of Abatement:

The Bureau orders the Institution to submit a copy of correct pro rata refund calculation formula to the Bureau for approval. In addition, the Bureau orders the Institution to submit a written policy, or procedure, of how the Institution will maintain future compliance with 5, CCR section 71750(c)(1).

Assessment of Fine

The fine for this violation is \$1,000.00

3. **Violation:**

5, CCR Section 74006 (a) and (b) - Annual Fee

“(a) An institution’s annual fee is due within 30 days of the date on which the institution originally receives its approval to operate and each year thereafter on the anniversary of the date of the original approval. (b) An institution shall pay its annual fee in addition to any other applicable fees.”

CEC Section 94930.5 (g) - Fee Schedule

“(g) Notwithstanding subdivision (d), effective July 1, 2018, the annual fee for each campus described in subparagraphs (A) and (B) of paragraph (1) of subdivision (d) shall be in an amount equal to 0.55 percent of that campus’ total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000) for each campus.”

CEC Section 94931(a) and (b) - Late Payment

“(a) A fee that is not paid on or before the 30th calendar day after the due date for payment of the fee shall be subject to a 25 percent late payment penalty fee.”

“(b) A fee that is not paid on or before the 90th calendar day after the due date for payment of the fee shall be subject to a 35 percent late payment penalty fee.”

The Institution has failed to pay its 90-day late payment penalty fee for the 2018 annual fee and the 30-day late payment penalty fee for the 2020 annual fee.

2018 Late Payment Penalty Fee

On November 5, 2018, the Institution was notified, Invoice # 900337725, via mail at 1760 Fremont Boulevard, Suite F2, Seaside, CA 93955, stating that the annual fee for calendar year 2018 was due on December 1, 2018.

On January 16, 2019, the Institution was notified, Invoice # 900339474, via mail at 1760 Fremont Boulevard, Suite F2, Seaside, CA 93955, stating that the annual fee for calendar year 2018 was due on December 1, 2018.

On March 19, 2019, the Institution was notified, Invoice # 900339474, via mail at 1760 Fremont Boulevard, Suite F2, Seaside, CA 93955, stating that the annual fee for calendar year 2018 was due on December 1, 2018.

On October 23, 2019, the Bureau received a \$2,500 payment for the 2018 annual fee.

2020 Late Payment Penalty Fee

On September 1, 2020, the Institution was notified, Invoice # 900352175, via mail at 1760 Fremont Boulevard, Suite F2, Seaside, CA 93955, stating that the annual fee for calendar year 2020 was due on October 1, 2020.

On November 16, 2020, the Institution was notified, Invoice # 900353960, via mail at 1760 Fremont Boulevard, Suite F2, Seaside, CA 93955, stating that the annual fee for calendar year 2020 was due on October 1, 2020.

On November 12, 2020, the Bureau received a \$2,500 payment for the 2020 annual fee.

As of March 24, 2021, the Bureau has not received the late payment penalty fees for 2018 and 2020 from the Institution.

Order of Abatement:

The Bureau orders the Institution to pay all late payment penalty fees in accordance with 5, CCR section 74006 (a)(b), CEC section 94930.5(g) and 94931 (a)(b).

Assessment of Fine

The fine for this violation is \$00.00

TOTAL ADMINISTRATIVE FINE DUE: \$1,501.00

ASSESSMENT OF A FINE

In accordance with CEC section 94936; and 5, CCR sections 75020 and 75030, the Bureau hereby orders this assessment of fine in the amount of **\$1,501.00** for the violations described above.

Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.

COMPLIANCE WITH ORDER OF ABATEMENT

In accordance with the provisions of CEC section 94936 and 5, CCR section 75020 the Bureau hereby issues the order(s) of abatement described above. **Evidence of compliance with the order of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

APPEAL OF CITATION

You have the right to contest this Citation through an informal conference with the Bureau; and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference **and/or** Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference **and/or** an administrative*

hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.

Unless a written request for an informal conference **and/or** an administrative hearing is signed by you and delivered to the Bureau by **April 23, 2021**, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **March 24, 2021**. Evidence of compliance with the order(s) of abatement shall be due by **April 23, 2021**.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.

Payment of the administrative fine and/written request for appeal must be mailed to:

Gabriella Perez, Discipline Citation Program
Bureau for Private Postsecondary Education
1747 N. Market Blvd., Suite 225
Sacramento, CA 95834

Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Gabriella Perez, Citation Analyst, at (916) 574-8969 or Gabriella.Perez@dca.ca.gov.

“Original signature on file”

“3/24/2021”

Christina Villanueva
Discipline Manager

Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine – Waiver of Appeal
- Declaration of Service by Certified and First-Class Mail