



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

To: Jeff Malmuth, Owner
ILearn Institute
870 Market Street, Ste 446
San Francisco, CA 94102

INSTITUTION CODE: Unapproved
CITATION NUMBER: 1819060
CITATION ISSUANCE/SERVICE DATE: November 29, 2018
DUE DATE: December 29, 2018
FINE AMOUNT: \$ 100,000.00
ORDER OF ABATEMENT INCLUDED: Yes

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

CITATION

A Citation is hereby issued to Jeff Malmuth, Owner of ILearn Institute (Institution) located at 870 Market Street, Ste 446, San Francisco, CA 94102 pursuant to Business and Professions Code section 125.9 and 149; California Education Code (CEC) section 94944; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violation(s) described below.

BACKGROUND

On November 17, 2005, the Institution received an Approval to Operate a private postsecondary institution from the Bureau.

On June 29, 2016, the Bureau approved the Institution's Application for Verification of Exempt Status pursuant to California Education Code (CEC) section 94874(f). The Institution provided supporting documents indicating the school did not charge over \$2,500.00 for their courses, and that they did not receive state or federal funding.

On June 5, 2018, the California Department of Industrial Relations (CDIR) Counsel III emailed the Bureau a copy of a State of California, Department of Industrial Relations, Division of Worker's Compensation (DWC) Uninsured Employers Fund (UEF) cases. Bureau staff reviewed the report and found that the Institution had received ten payments from the DWC for injured employees. The ten

payments were made by the State of California to the Institution. Two of the payments were issued to the Institution after the school received their Bureau exempt status in June 2016, and the payments exceeded the \$2,500.00 exemption threshold.

On August 6, 2018, the Bureau received a complaint from an Investigation Solutions (IS) investigator. IS stated that they had received three Worker’s Compensation training vouchers from the Institution. IS provided Bureau staff copies of three student packets that confirmed the Institution had invoiced American Claims Management (ACM) over \$2,500.00 for courses including fees and materials. The three invoices exceeded the \$2,500.00 exemption threshold.

On August 14, 2018, the Bureau received an email from The Hartford (Hartford) Fraud Consultant. Hartford stated the Institution had charged Hartford over \$2,500.00 for courses including fees and materials. Hartford sent Bureau staff copies of five student packets that Hartford had received from the Institution that exceeded the \$2,500.00 exemption threshold.

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 94886. Approval to Operate Required <i>“Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with Section 94802), a person shall not open, conduct, or do business as a private postsecondary educational institution in this state without obtaining an approval to operate under this chapter.”</i></p> <p>CEC Section 94817.5. Approved to Operate or Approved <i>“Approved to operate” or “approved” means that an institution has received authorization pursuant to this chapter to offer to the public and to provide postsecondary educational programs.”</i></p> <p>CEC Section 94868. To Offer to the Public <i>“To offer to the public” means to advertise, publicize, solicit, or recruit.”</i></p> <p>CEC Section 94869. To Operate <i>“To operate” means to establish, keep, or maintain any facility or location in this state where, or from which, or through which, postsecondary educational programs are provided.”</i></p> <p>Bureau staff received and reviewed seven student enrollment agreements and invoices submitted to Hartford and American Claims Management by the Institution that confirmed the institutional charges exceeded \$2,500.00. The Bureau also received evidence that the Institution was receiving California retraining funds that violated the exempt status, CEC section 94874(f).</p> <p><u>Order of Abatement:</u> The Bureau orders that the Institution cease to operate as a private postsecondary educational institution. The Institution must discontinue recruiting or enrolling students and cease all</p>

instructional services and advertising in any form or type of media, including the website www.ilearninstitute.com and any other websites not identified here that are associated with the Institution, until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service numbers including but not limited to (888) 845-3276 and (415) 362-7005 that are associated with ILearn Institute until such time as an approval to operate is obtained from the Bureau. To comply with the Order of Abatement the Institution must submit a school closure plan to the Bureau pursuant to California Education Code section 94926. The Institution must provide a roster of each student currently enrolled at the Institution. The roster must include the names of the students, their contact information (including phone number, email address, and physical address), the programs in which they are enrolled, the amount paid for the programs.

Assessment of Fine

The fine for this violation is \$100,000.00

TOTAL ADMINISTRATIVE FINE DUE: \$100,000.00

ASSESSMENT OF A FINE

In accordance with CEC section 94944; and 5, CCR section 75020(b), the Bureau hereby orders this assessment of a fine in the amount of **\$100,000.00** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

COMPLIANCE WITH ORDER OF ABATEMENT

In accordance with the provisions of 5, CCR section 75020 (b) the Bureau hereby issues the order(s) of abatement described above. In accordance with Business and Professions Code Section 149, the Bureau may disconnect any telephone service numbers used by an unapproved Institution. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

APPEAL OF CITATION

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

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

Unless a written request for an informal conference and/or an administrative hearing is signed by you and delivered to the Bureau by **December 29, 2018**, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **November 29, 2018**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **December 29, 2018**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

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

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

Gurinder Sandhu, Discipline Citation Program
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

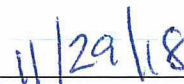
Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate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

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Gurinder Sandhu, Citation Analyst, at 916-431-6940 or Gurinder.Sandhu@dca.ca.gov.



Christina Villanueva
Discipline Manager



Date

Enclosures

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