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7

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

10
11 In the Matter of the Accusation Against:

Case No. 1000697

12 **PREFERRED COLLEGE OF NURSING**

13 7400 Van Nuys Boulevard, Suite 207
14 Van Nuys, CA 91405

15 **Institution Code No. 1927791**

16 Respondent.

A C C U S A T I O N

17
18 Complainant alleges:

19 **PARTIES**

- 20 1. Joanne Wenzel ("Complainant") brings this Accusation solely in her official capacity
21 as the Chief of the Bureau for Private Postsecondary Education, Department of Consumer Affairs.
22 2. On or about October 1, 1997, the Bureau for Private Postsecondary Education issued
23 Full Approval to Operate Institution Code Number 1927791 to Preferred College of Nursing, with
24 Bernardita R. Sanchez (70% owner), Anthony Sanchez (5% owner), Bernard Mathew Sanchez
25 (5% owner), Fernando Sanchez (5% owner), Giovanni Sanchez (5% owner), Kristina Ultra (5%
26 owner), and Mark Sanchez (5% owner) as owners ("Respondent"). The Full Approval to Operate
27 was in full force and effect at all times alleged herein and will expire on February 28, 2017,
28 unless renewed.

JURISDICTION

1
2 3. This Accusation is brought before the Director of the Department of Consumer
3 Affairs ("Director") for the Bureau for Private Postsecondary Education, under the authority of
4 the following laws. All section references are to the Education Code unless otherwise indicated.

5 4. Section 94932 states:

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

14 5. Section 94937 states, in pertinent part:

15 "(a) As a consequence of an investigation, and upon a finding that an institution has
16 committed a violation, the bureau may place an institution on probation or may suspend or revoke
17 an institution's approval to operate for:

18 ...

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

24 "(b) The bureau shall adopt regulations, within one year of the enactment of this chapter,
25 governing probation and suspension of an approval to operate.

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

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

3 6. California Code of Regulations, title 5, section 75100 states:

4 "(a) The Bureau may suspend, revoke or place on probation with terms and conditions an
5 approval to operate.

6 "(b) "Material violation" as used in section 94937 of the Code includes committing any act
7 that would be grounds for denial under section 480 of the Business and Professions Code.

8 "(c) The proceedings under this section shall be conducted in accordance with Article 10
9 (commencing with Section 11445.10) of Chapter 4.5 or Chapter 5 (commencing with Section
10 11500) of Part 1 of Division 3 of Title 2 of the Government Code, as requested by the
11 institution."

12 STATUTORY PROVISIONS

13 7. Section 94913 states, in pertinent part:

14 "(a) An institution that maintains an Internet Web site shall provide on that Internet Web
15 site all of the following:

16

17 "(4) A link to the bureau's Internet Web site.

18 "(5) The institution's most recent annual report submitted to the bureau.

19 "(b) An institution shall include information concerning where students may access the
20 bureau's Internet Web site anywhere the institution identifies itself as being approved by the
21 bureau."

22 REGULATORY PROVISIONS

23 8. California Code of Regulations, title 5, section 71745 states, in pertinent part:

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

26

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

28

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

10 **COST RECOVERY**

11 9. Education Code section 94937, subdivision (c), authorizes the Bureau to seek
12 reimbursement under Business and Professions Code section 125.3 and Education Code section
13 94937, subdivision (d), provides that an institution shall not be required to pay more than one
14 agency’s investigation costs.

15 10. Business and Professions Code section 125.3 provides, in pertinent part, that the
16 Bureau may request the administrative law judge to direct a licensee found to have committed a
17 violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the
18 investigation and enforcement of the case.

19 **FACTUAL BACKGROUND**

20 11. On or about March 25, 2015, a compliance inspector for the Bureau performed an
21 unannounced inspection of Respondent. The compliance inspector issued a notice to comply for
22 the detected minor violations and notified Respondent of the identified material violations that
23 would be forwarded to the Bureau’s enforcement unit for further review.

24 12. On or about June 2, 2015, the Bureau’s enforcement unit received an enforcement
25 referral from the compliance inspector and commenced an investigation. The enforcement unit
26 reviewed Respondent’s audited financial statements, which revealed that Respondent had a 1.00
27 to 1.00 current assets to current liabilities ratio, and that Respondent did not have sufficient assets
28 and financial resources to pay all operating expenses due within thirty (30) days. While

1 Respondent was required to meet the United States Department of Education (“US DOE”)
2 requirement of having a composite score¹ of 1.5 or greater, the enforcement unit identified that
3 the US DOE reported that Respondent only had a composite score of -0.7. The enforcement unit
4 also found that Respondent’s website failed to include its most recent annual report submitted to
5 the Bureau and information where students may access the Bureau’s website, in violation of the
6 minimum institutional website requirements.

7 **FIRST CAUSE FOR DISCIPLINE**

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

9 13. Respondent is subject to disciplinary action under California Code of Regulations,
10 title 5, section 71745, subdivisions (a)(5) and (a)(6), in conjunction with Education Code section
11 94937, subdivision (a) and California Code of Regulations, title 5, section 75100, subdivision (a),
12 in that Respondent failed to maintain sufficient financial resources. The violations are as follows:

13 a. On or about December 3, 2015, Respondent submitted its audited financial statements
14 for the fiscal years 2013 and 2014 to the Bureau. The balance sheet disclosed that for the fiscal
15 year ending on December 31, 2014, Respondent’s current assets were \$350,952, and current
16 liabilities were \$350,952. Thus, Respondent had a 1.00 to 1.00 current assets to current liabilities
17 ratio, failing to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 in violation
18 of California Code of Regulations, title 5, section 71745, subdivision (a)(6).

19 b. The US DOE reported on its website² that Respondent had a composite score of -0.7
20 for the fiscal year ending on December 31, 2013. Respondent’s composite score thus fails to
21 meet the composite score requirements of the U.S. Department of Education in violation of
22 California Code of Regulations, title 5, section 71745, subdivision (a)(6).

23
24 ¹ The composite score is a composite of three ratios (primary reserve ratio, equity ratio,
25 and net income ratio) derived from an institution's audited financial statements. The composite
26 score reflects the overall relative financial health of institutions along a scale from negative 1.0 to
27 positive 3.0. A score greater than or equal to 1.5 indicates the institution is considered financially
28 responsible. Schools with scores of less than 1.5 but greater than or equal to 1.0 are considered
financially responsible, but require additional oversight. These schools are subject to cash
monitoring and other participation requirements. A school with a score less than 1.0 is
considered not financially responsible.

² www.studentaid.ed.gov/sa/about/data-center/school/composite-scores

1 c. The review of Respondent's audited financials also revealed that for the fiscal year
2 ending on December 31, 2014, Respondent's cash, as well as assets converted to cash in seven
3 days, amounted to \$2,625, which was insufficient to pay Respondent's thirty day operating
4 expenses of \$95,972, in violation of California Code of Regulations, title 5, section 71745,
5 subdivision (a)(5).

6 **SECOND CAUSE FOR DISCIPLINE**

7 **(Failure to Comply With Minimum Institutional Website Requirements)**

8 14. Respondent is subject to disciplinary action under section 94913, subdivisions (a)(4),
9 (a)(5) and (b), in conjunction with section 94937, subdivision (a) and California Code of
10 Regulations, title 5, section 75100, subdivision (a), in that Respondent failed to comply with
11 minimum institutional website requirements. The violations are as follows:

12 a. When reviewed by the Bureau's enforcement unit on or about June 5, 2015,
13 Respondent's web site³ failed to include Respondent's most recent annual report submitted to the
14 Bureau, in violation of section 94913, subdivision (a)(5).

15 b. When reviewed by the Bureau's enforcement unit on or about June 5, 2015,
16 Respondent's "ABOUT PCN"⁴ web page, where Respondent advertised approval by the Bureau,
17 failed to include information about where students may access the Bureau's website in violation
18 of section 94913, subdivisions (a)(4) and (b). Additionally, while Respondent's "PCN's
19 SERVICES"⁵ web page correctly listed the Bureau's website address as www.bppe.ca.gov, the
20 hyperlink linked to the Board of Pharmacy at www.pharmacy.ca.gov.

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27 ³ www.pcn.edu

⁴ www.pcn.edu/about-pcn

⁵ www.pcn.edu/services

1 PRAYER


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

5 1. Revoking or suspending Institution Code Number 1927791, issued to Preferred
6 College of Nursing, Bernardita R. Sanchez (70% owner), Anthony Sanchez (5% owner), Bernard
7 Mathew Sanchez (5% owner), Fernando Sanchez (5% owner), Giovanni Sanchez (5% owner),
8 Kristina Ultra (5% owner), and Mark Sanchez (5% owner) as owners;

9 2. Ordering Preferred College of Nursing and its owners Bernardita R. Sanchez (70%
10 owner), Anthony Sanchez (5% owner), Bernard Mathew Sanchez (5% owner), Fernando Sanchez
11 (5% owner), Giovanni Sanchez (5% owner), Kristina Ultra (5% owner), and Mark Sanchez (5%
12 owner) to pay the Bureau for Private Postsecondary Education the reasonable costs of the
13 investigation and enforcement of this case, pursuant to Business and Professions Code section
14 125.3; and,

15 3. Taking such other and further action as deemed necessary and proper.
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18

19 DATED: 9/27/16


20 JOANNE WENZEL
21 Chief
22 Bureau for Private Postsecondary Education
23 Department of Consumer Affairs
24 State of California
25 Complainant

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