



Bureau for Private Postsecondary Education
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NOTICE TO COMPLY – CU88680649 1016 (Ed. Code § 94935, 5 5, CCR § 75010)

Institution Name:	Herguan University	Institution Telephone:	408-481-9988
Institution Code:	88680649	Administrator Name:	Richard Friberg
Street Address:	595 Lawrence Expressway Sunnyvale, CA 94085	Date of Inspection:	10/28/16

Nature and Facts of the Violation(s), Including a Reference to the Statute or Regulation Violated, and Manner in Which the Institution Must Correct the Violation to Achieve Compliance:

FINANCIAL RESOURCES

Education Code (CEC) or Code of Regulations (5, CCR)	Subsection , Description, and Required Correction
5, CCR §71745. Financial Resources.	<p>(a) The institution shall document that it has at all times sufficient assets and financial resources to do all of the following:</p> <p>(6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles, or for an institution participating in Title IV of the federal Higher Education Act of 1965, meet the composite score requirements of the U.S. Department of Education. For the purposes of this section, current assets does not include: intangible assets, including goodwill, going concern value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles.</p> <p>The institution provided financial records for the year ending on December 31, 2015 which did not meet the 1.25 to 1.00 ratio of current assets to current liabilities. The institution’s current ratio was a 1.17 to 1.00.</p> <p>To remedy this violation, the institution shall submit documentation showing they are financially solvent in meeting the 1.25 to 1.00 current ratio, or the institution shall submit documentation quarterly showing progress toward achieving the current ratio of 1.25 to 1.00 current assets to current liabilities. If the institution reports quarterly, the report shall be provided no later than 30 days from the date in which the previous quarter ended and shall continue to be provided until fiscal responsibility is achieved within one year from the date of the unannounced compliance inspection.</p> <p>The financial resources documentation shall be submitted with the institution’s</p>

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Inspector’s Initial: *MW*

Administrator’s Initial: *RF*

response to the NTC and the last page of this document to the Bureau by November 28, 2016.

STUDENT TUITION RECOVERY FUND

Education Code (CEC) or Code of Regulations (5, CCR)	Subsection , Description, and Required Correction
5, CCR §76140. Record-Keeping Requirements	<p>(a) A qualifying institution shall collect and maintain records of student information to substantiate the data reported on the STRF Assessment Reporting Form and records of the students' eligibility under the Fund. Such records shall include the following for each student:</p> <ol style="list-style-type: none">(1) Student identification number,(2) First and last names,(3) Email address,(4) Local or mailing address,(5) Address at the time of enrollment,(6) Home address,(7) Date enrollment agreement signed,(8) Courses and course costs,(9) Amount of STRF assessment collected,(10) Quarter in which the STRF assessment was remitted to the Bureau,(11) Third-party payer identifying information,(12) Total institutional charges charged, and(13) Total institutional charges paid. <p>The institution did not maintain records of STRF eligibility for all students. Documentation was not provided to substantiate the data reported on the STRF Assessment Reporting Form for the first, second, and third quarters of 2016.</p> <p>To remedy this violation, the institution shall establish and maintain records of eligibility for each student. The records shall identify the 13 data points identified above, and shall be maintained in electronic format that is in an orderly fashion.</p> <p>The STRF eligibility back-up documentation shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>
5, CCR §76140. Records-Keeping Requirements	<p>(b) The qualifying institution shall maintain the data required under this section in an electronic format that is readily available and open to inspection by the Bureau upon request. The institution shall make the records immediately available to a Bureau representative conducting a site inspection or, upon written request, shall provide a copy within 14 calendar days of the request. All records shall be provided to the Bureau in an intelligible and orderly manner and in an electronic format.</p> <p>The institution did not maintain the 13 required data points for each student in an electronic format. The documentation was not made immediately available.</p> <p>To remedy this violation, the institution shall maintain the required data points in an electronic format and in an intelligible and orderly manner.</p> <p>The STRF eligibility documentation shall be submitted with the institution's</p>

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Inspector's Initial: *MM*

Administrator's Initial: *POF*

response to the NTC and the last page of this document to the Bureau by November 28, 2016.

INSTITUTIONAL WEBSITE AND ADVERTISEMENTS

Education Code	Subsection , Description, and Required Correction
<p>CEC §94913. Institutional Web Site Requirements</p>	<p>(a) An institution that maintains an Internet Web site shall provide on that Internet Web site all of the following: (1) The school catalog.</p> <p>The institution's website does not contain the updated institution catalog.</p> <p>To remedy the violation, the institution's current website shall be updated to provide the updated institution catalog. A link to the updated catalog shall be made available on the institution's homepage, pursuant to 5, CCR §74117.</p> <p>A printout of or a link to the updated website shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>
<p>CEC §94913. Institutional Web Site Requirements</p>	<p>(a) An institution that maintains an Internet Web site shall provide on that Internet Web site all of the following: (2) A School Performance Fact Sheet for each educational program offered by the institution.</p> <p>The institution's website does not contain the 2013/2014 Performance Fact Sheets with accurate information.</p> <p>To remedy the violation, the institution's website shall be updated to contain the updated and corrected 2013/2014 Performance Fact Sheets. A link to the updated 2013/2014 SPFS shall be made available on the institution's homepage, pursuant to 5, CCR §74117.</p> <p>A printout of or a link to the updated website shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>
<p>CEC §94913. Institutional Web Site Requirements</p>	<p>(a) An institution that maintains an Internet Web site shall provide on that Internet Web site all of the following: (3) Student brochures offered by the institution.</p> <p>The institution's website does not contain documentation of student brochures offered by the institution.</p> <p>To remedy the violation, the institution's website shall be updated to include student brochures offered by the institution. A link to the student brochures shall be made available on the institution's homepage, pursuant to 5, CCR §74117.</p> <p>A printout of or a link to the updated website shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>
<p>5, CCR §74117. Website</p>	<p>In addition to the requirement in Section 94913(b) of the Code, an institution that</p>

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Inspector's Initial: *mm*
 Administrator's Initial: *AW*

Requirements.	<p>maintains a website shall provide on the homepage of that website clear and conspicuous links to all the items required in Section 94913(a) of the Code.</p> <p>The institution's website does not contain links to the following items on the institution's homepage of their website:</p> <ol style="list-style-type: none"> 1. The school catalog, 2. School Performance Fact Sheet for each educational program, 3. Student brochure, 4. A link to the Bureau's internet website, 5. A link to the institution's most recent annual report submitted to the Bureau. <p>To remedy this violation, the institution's website shall be updated with links to the five items identified above.</p> <p>A printout of or a link to the updated website shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>
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ANNUAL REPORT & SCHOOL PERFORMANCE FACT SHEET

Education Code or Code of Regulations	Subsection, Description, and Required Correction															
5, CCR §74112. Uniform Data-Annual Report, Performance Fact Sheet	<p>(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.</p> <p>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).</p> <p>Completion Rates (includes data for the two calendar years prior to reporting)</p> <p>Name of Educational Program (Program Length)</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 15%;">Calendar Year</th> <th style="width: 20%;">Number of Students Who Began Program¹</th> <th style="width: 20%;">Students Available for Graduation²</th> <th style="width: 15%;">Graduates³</th> <th style="width: 30%;">Completion Rate⁴</th> </tr> </thead> <tbody> <tr> <td>20XX</td> <td>100</td> <td>98</td> <td>70</td> <td>71%</td> </tr> <tr> <td>20XY</td> <td>80</td> <td>80</td> <td>55</td> <td>69%</td> </tr> </tbody> </table>	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%
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%												

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Inspector's Initial: *mmw*

Administrator's Initial: *ppr*

Students Completing After Published Program Length - 150% Completion Rate

Name of Educational Program (Program Length)

Calendar Year	Number of Students Who Began Program ¹	Students Available for Graduation ²	150% Graduates ⁵	150% Completion Rate ⁶
20XX	100	98	25	26%
20XY	80	80	23	29%

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.

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.

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

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

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

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.

The institution's SPFS did not accurately report the 150% Completion Rate. The chart was not in a substantially similar format to the chart below, as the chart was not titled "Students Completing After Published Program Length- 150% Completion Rate." The chart was instead titled 6 Semesters.

To remedy this violation, the institution shall update their SPFS with the 150% Completion Rate titled "Students Completing After Published Program Length- 150% Completion."

The corrections to the SPFS shall be submitted with the institution's NTC response and the last page of this document to the Bureau by November 28, 2016.

5, CCR §74112. Uniform Data-Annual Report, Performance Fact Sheet

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

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Inspector's Initial: *MW*

Administrator's Initial: *[Signature]*

	<p>through which the information was requested and gathered.</p> <p>The institution did not provide all required documentation to substantiate the data provided in the SPFS. The documentation did not clearly articulate student completion dates, and did not provide the name, email address, phone number, and position or title of the institution's representative primarily responsible for obtaining the performance data.</p> <p>To remedy the violation, the institution shall collect and maintain and update the back-up documentation to substantiate the data reported in the current 2013/2014 PFS. The SPFS back-up documentation shall contain all elements identified in the Regulation above.</p> <p>The corrections to the PFS substantiating documentation shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>
<p>CEC §94929.7. Documentation of Performance Date</p>	<p>(a) The information used to substantiate the rates and information calculated pursuant to Sections 94929 and 94929.5 shall do both of the following:</p> <p>(1) Be documented and maintained by the institution for five years from the date of the publication of the rates and information.</p> <p>The institution failed to maintain the accurate back-up documentation and other pertinent information specific to substantiation of the data reported on the SPFS for five years from the date of publication.</p> <p>To remedy the violation, the institution shall collect and maintain accurate documentation to substantiate the data reported in the current 2013/2014 PFS for five years from the last date of publication.</p> <p>The corrections to the PFS substantiating documentation shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>
<p>CEC §94929.7. Documentation of Performance Date</p>	<p>(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.</p> <p>The institution did not provide a list of employment positions used to determine the number of graduates employed in the field for purposes of calculating job placement rates in the 2013/2014 SPFSs.</p> <p>To remedy the violation, the 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 for the 2013/2014 SPFSs.</p> <p>The corrections to the PFS substantiating documentation shall be submitted with the institution's response to the NTC and the last page of this document to the Bureau by November 28, 2016.</p>

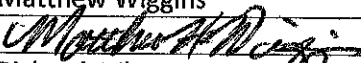

STUDENT RECORDS

Notice to Comply – CU 88680649 1016

Inspector's Initial: *mm*
 Administrator's Initial: *lpp*

Education Code or Code of Regulations	Subsection, Description, and Required Correction
<p>5, CCR §71920. Student Records.</p>	<p>(b) In addition to the requirements of section 94900, the file shall contain all of the following pertinent student records:</p> <p>(5) In addition to the requirements of section 94900(b) of the Code, a transcript showing all of the following:</p> <p>(E) The name, address, website address, and telephone number of the institution.</p> <p>The institution did not consistently maintain transcripts in each student file which contained the name, address, website address, and telephone number of the institution.</p> <p>To remedy this violation, the institution shall update the graduate files reviewed to contain transcripts that have the institution's name, address, website address, and telephone number. All student and graduate files shall contain transcripts with the institution's name, address, website address, and telephone number. The institution shall submit with their NTC response documentation of an established policy and procedure showing the institution is placing transcripts in each student and graduate file and copies of the revised student transcripts for the five graduate files reviewed.</p> <p>The records correction shall be submitted to the Bureau with the institution's response to the NTC and the last page of this document by November 28, 2016.</p>

Only minor violations are listed on this Notice to Comply.

Inspector's Name	Matthew Wiggins
Inspector's Signature	
Institution Administrator Name/Title:	Richard Friberg, Vice President
Institution Administrator's Signature:	

Education Code can be located at: http://www.bppe.ca.gov/lawsregs/ppe_act.shtml

Code of Regulations can be located at: <http://www.bppe.ca.gov/lawsregs/regs.shtml>

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Inspector's Initial: *mw*

Administrator's Initial:

RETURN THIS FORM BY NOVEMBER 28, 2016 WITH EITHER: 1) VERIFICATION OF COMPLIANCE OR 2) A NOTICE OF DISAGREEMENT

IMPORTANT COMPLIANCE NOTICE

California Education Code §94935 and California Code of Regulations §75010 provide that the Bureau for Private Postsecondary Education (Bureau) shall issue a Notice to Comply for minor violations detected during a compliance inspection by the Bureau.

By no later than 30 days from the date of the inspection, you must either: 1) Remedy the noncompliance item(s), sign the below declaration and submit this form to the Bureau, along with documentation describing how compliance was achieved; or 2) File with the Bureau a written notice of disagreement, specifying the minor violation(s) described in the Notice to Comply with which you disagree, and appealing it by requesting an informal office conference. If a written notice of disagreement is not timely filed with the Bureau, the right to appeal is deemed to have been waived.

Failure to timely remedy the noncompliance item(s) or file a written request for an informal office conference may result in the Bureau taking administrative enforcement action.

DECLARATION

Attached to this document is a list describing how compliance was achieved for each violation and supporting documentation. I declare under penalty of perjury that all violations identified in this Notice to Comply are corrected as described in the attachment.

Signature

Date

Print Name and Title

THIS DECLARATION OR A NOTICE OF DISAGREEMENT MUST BE SUBMITTED TO THE BUREAU BY **November 28, 2016**.

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Inspector's Initial: *MMU*

Administrator's Initial: *POP*