



**Bureau for Private Postsecondary Education**  
 2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833  
 P.O. Box 980818, West Sacramento, CA 95798-0818  
 P (916) 431-6959 F (916) 263-1897 www.bppe.ca.gov



**NOTICE TO COMPLY** – CU 19699899 0416 (Ed. Code § 94935, 5 CCR § 75010)

|                   |   |                        |               |
|-------------------|---|------------------------|---------------|
| Institution Name: | CR’U Institute of Cosmetology and Barbering                 | Institution Telephone: | (714)894-3366 |
| Institution Code: | 19699899  | Administrator Name:    | Seth Caplan   |
| Street Address:   | 11889 Valley View Street, Suite C<br>Garden Grove, CA 92845 | Date of Inspection:    | 4/14/16       |

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:

| Education Code  | Subsection, Description, and Required Correction   |
|---|--|
| §94911 - Minimum Requirements for Enrollment Agreement. | <p>(c) In underlined capital letters on the same page of the enrollment agreement in 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 total charges the student is obligated to pay upon enrollment.</p> <p><b>The institution’s enrollment agreement failed to include the total charges for the current period of attendance, total charges for the entire educational program and total charges a student is obligated to pay upon enrollment.</b></p> <p><b>To remedy the violation, the institution shall provide an enrollment agreement to include the total charges for the current period of attendance, total charges for the entire educational program and total charges a student is obligated to pay upon enrollment. Statements must be underlined capital letters.</b></p> |
| §94911 - Minimum Requirements for Enrollment Agreement. | <p>(i) (2) Immediately following the statement required by paragraph , a line for the student to initial, including the following statement: “I certify that I have received the catalog, School Performance Fact Sheet, and information regarding completion rates, placement rates, license examination passage rates, salary or wage information, and the most recent three-year cohort default rate, if applicable, included in the School Performance Fact sheet, and have signed, initialed, and dated the information provided in the School Performance Fact Sheet.”</p> <p><b>The institution’s enrollment agreement failed to include the required statement verbatim.</b></p> <p><b>To remedy the violation, the institution shall provide an enrollment agreement to include the entire statement</b></p>  |

Notice to Comply – CU 19699899 0416

Inspector’s Initial: *W*  
 Administrator’s Initial: *SC*

|  |   |
|--|---|
| <p>§94911 - Minimum Requirements for Enrollment Agreement.</p> | <p><b>verbatim.</b></p> <p>(k) The following statement above the space for the student's signature:<br/>         "I understand that this is a legally binding contract. My signature below certifies that I have read, understood, and agreed to my rights and responsibilities, and that the institution's cancellation and refund policies have been clearly explained to me."</p> <p><b>The institution's enrollment agreement failed to include the required statement verbatim.</b></p> <p><b>To remedy the violation, the institution shall provide an enrollment agreement to include the entire statement verbatim.</b></p> |
| <p>§94908 - Size of Text in Required Documents.</p>            | <p>Any information or statement required by this article to be included in the catalog, School Performance Fact Sheet, or enrollment agreement shall be printed in at least the same size font as the majority of the text in that document.</p> <p><b>The institution's catalog failed to print text in at least the same size as the majority of the text, relative to "As a prospective student you are encouraged to review this catalog."</b></p> <p><b>To remedy this violation, the institution shall provide a catalog with all statements or information in the same size font at the majority of the text.</b></p>        |
| <p>§94909 - Minimum Requirements for School Catalog.</p>       | <p>(a) Except as provided in subdivision (d), prior to enrollment, an institution shall provide a prospective student, either in writing or electronically, with a school catalog containing, at a minimum, all of the following:<br/>         (4) The address or addresses where class sessions will be held.</p> <p><b>The institution's catalog failed to include a statement indicating where classes are held.</b></p> <p><b>To remedy the violation, the institution shall add a statement to their catalog indicating where classes will be held.</b></p>  |
| <p>§94909 - Minimum Requirements for School Catalog.</p>       | <p>(a) (9) The schedule of total charges for a period of attendance and an estimated schedule of total charges for the entire educational program.</p> <p><b>The institution's catalog failed to include a statement for total charges for a period of attendance and estimated charges for the entire educational program.</b></p> <p><b>To remedy this violation, the institution shall add a statement for total charges for a period of attendance and the total charges for the entire program.</b></p>  |
| <p>§94909 - Minimum Requirements for School Catalog.</p>       | <p>a)(11) A statement specifying that, if a student obtains a loan to pay for an educational program, the student will have the responsibility to repay the full amount of the loan plus interest, less the amount of</p>   |

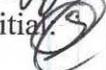
Notice to Comply – CU 19699899 0416

Inspector's Initial: *MP*  
 Administrator's Initial: *[Signature]*

|  |  |
|--|--|
|  | <p>any refund, and that, if the student has received federal student financial aid funds, the student is entitled to a refund of the moneys not paid from federal student financial aid program funds.</p> <p><b>The institution's catalog failed to include a statement specifying if a student obtains a loan to pay for an educational program the student will have the responsibility of repaying that loan.</b></p> <p><b>To remedy the violation, the institution needs to add a statement to their catalog specifying if a student obtains a loan to pay for an educational program the student will have the responsibility to repay that loan.</b></p>   |
| <p>§94909 - Minimum Requirements for School Catalog.</p> | <p>(a)(12) A statement specifying whether the institution has a pending petition in bankruptcy, is operating as a debtor in possession, has filed a petition within the preceding five years, or has had a petition in bankruptcy filed against it within the preceding five years that resulted in reorganization under Chapter 11 of the United States Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).</p> <p><b>The institution's catalog failed to contain a statement specifying whether the institution has a pending petition in bankruptcy.</b></p> <p><b>To remedy this violation, the institution shall add the required language listed above to their school catalog.</b></p>   |
| <p>§94909 - Minimum Requirements for School Catalog.</p> | <p>(a)(15) The following statement:<br/> "NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND CREDENTIALS EARNED AT OUR INSTITUTION<br/> The transferability of credits you earn at (name of institution) is at the complete 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 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 repeat some or all of your coursework at that institution. For this reason you should make certain that your attendance at this institution will meet your educational goals. 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."</p> <p><b>The Institutions catalog failed to include the required verbatim statement relative to the Transferability of credits requirements.</b></p> <p><b>To remedy this violation, the institution shall update their catalog to include the Transferability of Credits statement.</b></p> |

Notice to Comply – CU 19699899 0416

Inspector's Initial: 

Administrator's Initial: 

| Code of Regulations                    | Subsection, Description, and Required Correction   |
|--|--|
| §71735 - Facilities and Equipment.     | <p>(a) An institution shall have sufficient facilities and necessary equipment to support the achievement of the educational objectives of all of the courses and educational programs in which students are enrolled. If an institution represents that the educational service will fit or prepare a student for employment in a particular occupation or as described in particular job titles, either of the following conditions shall be met:</p> <p><b>The institution failed to maintain the space designated for cosmetology students. The 20 stations designated for the cosmetology students contained only 6 chairs. Several of the chairs were broken. For power the institution has one extension cord with a surge protector. The only power source to the twenty stations is an extension cord.</b></p> <p><b>To remedy the violation, the institution needs to provide photos and receipts demonstrating the area designated for cosmetology students is well maintained and sufficiently equipped.</b></p> |
| §71735 - Facilities and Equipment.     | <p>(b) An institution's facilities, including heating and cooling, ventilation, lighting, classrooms, laboratories, and campus environs, shall be well-maintained. The institution shall maintain all valid permits required by any public agencies relating to the health and safety of the institution's facilities and equipment on file, and such permits shall be available to the Bureau upon request.</p> <p><b>The institution failed to maintain the space designated for cosmetology students. The 20 stations designated for the cosmetology students contained only 6 chairs. Several of the chairs were broken. For power the institution has one extension cord with a surge protector. The only power source to the twenty stations is an extension cord.</b></p> <p><b>To remedy the violation, the institution needs to provide photos and receipts demonstrating the area designated for cosmetology students is well maintained and sufficiently equipped.</b></p>  |
| §71800 - Enrollment Agreement.         | <p>(a) The name and address of the institution and the addresses where instruction will be provided.</p> <p><b>The institution's enrollment agreement failed to include a statement indicating where classes will be held.</b></p> <p><b>To remedy the violation, the institution shall provide an enrollment agreement with the address where instruction will be provided.</b></p>   |
| §76215 - Student Tuition Recovery Fund | (b) In addition to the statement described under subdivision (a) of  |

Notice to Comply – CU 19699899 0416

Inspector's Initial: *NO*  
 Administrator's Initial: *[Signature]*

|                                       |   |
|---------------------------------------|---|
| Disclosures.                          | <p>this section, a qualifying institution shall include the following statement on its current schedule of student charges:<br/>         "The State of California created the Student Tuition Recovery Fund (STRF) to relieve or mitigate economic losses suffered by students in educational programs who are California residents, or are enrolled in a residency programs attending certain schools regulated by the Bureau for Private Postsecondary and Vocational Education.<br/>         You may be eligible for STRF if you are a California resident or are enrolled in a residency program, prepaid tuition, paid the STRF assessment, and suffered an economic loss as a result of any of the following:</p> <ol style="list-style-type: none"> <li>1. The school closed before the course of instruction was completed.</li> <li>2. The school's failure to pay refunds or charges on behalf of a student to a third party for license fees or any other purpose, or to provide equipment or materials for which a charge was collected within 180 days before the closure of the school.</li> <li>3. The school's failure to pay or reimburse loan proceeds under a federally guaranteed student loan program as required by law or to pay or reimburse proceeds received by the school prior to closure in excess of tuition and other costs.</li> <li>4. There was a material failure to comply with the Act or this Division within 30 days before the school closed or, if the material failure began earlier than 30 days prior to closure, the period determined by the Bureau.</li> <li>5. An inability after diligent efforts to prosecute, prove, and collect on a judgment against the institution for a violation of the Act."</li> </ol> <p><b>The institution's enrollment agreement failed to include the required Student Tuition Recovery Fund statement.</b></p> <p><b>To remedy the violation, the institution shall provide an enrollment agreement with the necessary Student Tuition Recovery Fund statement.</b></p> |
| §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"> <li>(3) Email address,</li> <li>(4) Local or mailing address,</li> <li>(5) Address at the time of enrollment,</li> <li>(6) Home address,</li> <li>(8) Courses,</li> <li>(10) Quarter in which the STRF assessment was remitted to the Bureau,</li> <li>(11) Third-party payer identifying information,</li> </ol> <p><b>The institution's STRF back-up data failed to contain, email</b></p>   |

|                   |   |
|-------------------|---|
|                   | <p>address, local or mailing address, address at the time of enrollment, home address, courses, quarter in which the STRF assessment was remitted and third-party payer identifying information.</p> <p><b>To remedy the violation, the institution shall provide STRF back up data for first quarter 2016 including email address, local or mailing address, address at the time of enrollment, home address, courses, quarter in which the STRF assessment was remitted and third-party payer identifying information.</b></p>  |
| §71810 - Catalog. | <p>(b) (13) Housing information including all of the following:<br/> (A) Whether the institution has dormitory facilities under its control;<br/> (B) The availability of housing located reasonably near the institution's facilities and an estimation of the approximate cost or range of cost of the housing; and<br/> (C) If the institution has no responsibility to find or assist a student in finding housing, a clear and conspicuous statement so indicating. A statement that the program is "non-residential" does not satisfy this subparagraph.</p> <p><b>The institution's catalog failed to include a statement indicating whether the institution has dormitory facilities under its control, the availability and cost of housing located reasonably near the institution's facilities and whether the institution has any responsibility to assist a student in finding housing.</b></p> <p><b>To remedy the violation, the institution shall update their catalog to include all required information relative to student housing.</b></p> |
| §71810 - Catalog. | <p>(b) (14) Policies on student rights, including the procedure for addressing student grievances.</p> <p><b>The institution's catalog contains a policy stating students must contact the school prior to making a claim with the Bureau.</b></p> <p><b>To remedy the violation, the institution shall revise their grievance policy to indicate students may contact the bureau at any time to file a complaint.</b></p>  |
| §71810 - Catalog. | <p>(b) Policies on the retention of student records.</p> <p><b>The catalog failed to contain a policy on the retention of student records.</b></p> <p><b>The institution shall add a record retention policy to their catalog indicating what records will be maintained and the duration of the record retention.</b></p>  |
| §71810 - Catalog  | <p>(b)(6) The institution's policies and practices regarding any form of financial aid, including all consumer information which the</p>  |

Notice to Comply – CU 19699899 0416

Inspector's Initial: *MB*  
Administrator's Initial: *[Signature]*

institution is required to disclose to the student under any state or federal financial aid program.

**The institution failed to include scholarships provided by the school in their catalog.**

**To remedy the violation, the institution shall include policies for awarding scholarships to students.**

§76215 - Student Tuition Recovery Fund Disclosures.

(a) A qualifying institution shall include the following statement on both its enrollment agreement for an educational program and its current schedule of student charges:

"You must pay the state-imposed assessment for the Student Tuition Recovery Fund (STRF) if all of the following applies to you:

1. You are a student in an educational program, who is a California resident, or are enrolled in a residency program, and prepay all or part of your tuition either by cash, guaranteed student loans, or personal loans, and

2. Your total charges are not paid by any third-party payer such as an employer, government program or other payer unless you have a separate agreement to repay the third party.

You are not eligible for protection from the STRF and you are not required to pay the STRF assessment, if either of the following applies:

1. You are not a California resident, or are not enrolled in a residency program, or

2. Your total charges are paid by a third party, such as an employer, government program or other payer, and you have no separate agreement to repay the third party."

(b) In addition to the statement described under subdivision (a) of this section, a qualifying institution shall include the following statement on its current schedule of student charges:

"The State of California created the Student Tuition Recovery Fund (STRF) to relieve or mitigate economic losses suffered by students in educational programs who are California residents, or are enrolled in a residency programs attending certain schools regulated by the Bureau for Private Postsecondary and Vocational Education.

You may be eligible for STRF if you are a California resident or are enrolled in a residency program, prepaid tuition, paid the STRF assessment, and suffered an economic loss as a result of any of the following:

1. The school closed before the course of instruction was completed.

2. The school's failure to pay refunds or charges on behalf of a student to a third party for license fees or any other purpose, or to provide equipment or materials for which a charge was collected within 180 days before the closure of the school.

3. The school's failure to pay or reimburse loan proceeds under a federally guaranteed student loan program as required by law or to pay or reimburse proceeds received by the school prior to closure in excess of tuition and other costs.

4. There was a material failure to comply with the Act or this

Notice to Comply – CU 19699899 0416

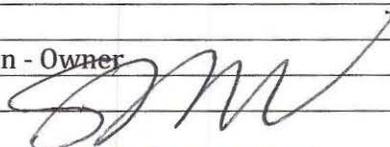
Inspector's Initial:   
Administrator's Initial: 

|                                  |  |
|----------------------------------|--|
|                                  | <p>Division within 30 days before the school closed or, if the material failure began earlier than 30 days prior to closure, the period determined by the Bureau.</p> <p>5. An inability after diligent efforts to prosecute, prove, and collect on a judgment against the institution for a violation of the Act." However, no claim can be paid to any student without a social security number or a taxpayer identification number.</p> <p><b>The institution's catalog failed to include the entire STRF statement verbatim.</b></p> <p><b>To remedy the violation the institution shall provide the required STRF statement in its entirety and verbatim.</b></p>   |
| <p>§71920 - Student Records.</p> | <p>(b)(a)(5) In addition to the requirements of section 94900(b) of the Code, a transcript showing all of the following:</p> <p>(A) The courses or other educational programs that were completed, or were attempted but not completed, and the dates of completion or withdrawal;</p> <p>(B) Credit awarded for prior experiential learning, including the course title for which credit was awarded and the amount of credit;</p> <p>(C) Credit for courses earned at other institutions;</p> <p>(D) Credit based on any examination of academic ability or educational achievement used for admission or college placement purposes;</p> <p>(E) The name, address, website address, and telephone number of the institution.</p> <p><b>The institution's student files failed to contain transcripts.</b></p> <p><b>To remedy the violation the institution shall submit transcripts for the 3 students identified during the inspection.</b></p> |
| <p>§71920 - Student Records.</p> | <p>(b)(10) A document specifying the amount of a refund, including the amount refunded for tuition and the amount for other itemized charges, the method of calculating the refund, the date the refund was made, and the name and address of the person or entity to which the refund was sent.</p> <p><b>The institution's student files failed to contain a document specifying the amount of a refund, the method of calculating the refund, the date the refund was made and the person or entity to which the refund was sent.</b></p> <p><b>To remedy the violation, the institution shall provide refund calculations and verification of where refunds were sent for the 3 students identified during the inspection.</b></p>   |

**Only minor violations are listed on the Notice to Comply.**

Additional material violations have been found?  Y /  N (Circle one)

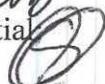
If yes, material violations will be forwarded to Enforcement for further review. A Bureau representative will contact the institution with additional guidance

|  |  |
|--|--|
| Inspector's Name                       | Michelle Loo   |
| Inspector's Signature                  |  |
| Institution Administrator Name/Title:  | Seth Caplan - Owner  |
| Institution Administrator's Signature: |  |

Education Code can be located at: [http://www.bppe.ca.gov/lawsregs/ppe\\_act.shtml](http://www.bppe.ca.gov/lawsregs/ppe_act.shtml)

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

Notice to Comply – CU 19699899 0416

Inspector's Initial:   
Administrator's Initial: 

RETURN THIS FORM WITHIN THE SPECIFIED TIME FRAME 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 **May 15, 2016**

Notice to Comply – CU 19699899 0416

Inspector's Initial *MB*

Administrator's Initial *[Signature]*