Complainant alleges:

PARTIES

1. Joanne Wenzel (Complainant) brings this Statement of Issues solely in her official capacity as the Chief of the Bureau for Private Postsecondary Education (Bureau), Department of Consumer Affairs.
2. On or about January 19, 2007, the Bureau for Private Postsecondary and Vocational Education issued school code 192311 to Sasha Kim Lee, owner of Cinema Make Up School (Respondent). The approval to operate expired on February 28, 2011.

3. On or about February 7, 2011, the Bureau for Private Postsecondary Education received an Application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions from Cinema Make-Up School; Sasha Kim Lee (Respondent). On or about January 31, 2011, Sasha Kim Lee certified under penalty of perjury to the truthfulness of all statements, answers, and representations in the application. The Bureau denied the application on May 10, 2013.

JURISDICTION

4. This Statement of Issues is brought before the Director of the Department of Consumer Affairs (Director) for the Bureau under the authority of the following laws. All section references are to the Education Code unless otherwise indicated.

5. Section 94875 provides that the Bureau shall regulate private postsecondary educational institutions through the powers granted, and duties imposed, by the California Private Postsecondary Education Act of 2009 (Ed Code §§94800 et seq.)

6. Business and professions Code Section 480 of the Code states:
   "(a) A board may deny a license regulated by this code on the grounds that the applicant has one of the following:
   "...
   "(3) (A) Done any act that if done by a licentiate of the business or profession in question, would be grounds for suspension or revocation of license.

7. Section 477 of the business and Professions Code states: As used in this division: “(a)

   ‘Board’ includes ‘bureau,’ ‘commission,’ ‘committee,’ ‘department,’ ‘division,’ ‘examining committee,’ ‘program,’ and ‘agency.’

1 The former Bureau for Private Postsecondary Education and Vocational Education sunsetting on July 2, 2007. On October 11, 2009, the Bureau for Private Postsecondary Education Act of 2009 (AB 48) was signed into law. The Act, which became operative on January 1, 2010, established the Bureau for Private Postsecondary Education.
“(b) ‘License’ includes certificate, registration or other means to engage in a business.”

8. California Education Code section 94885\(^2\) states:

“The bureau shall, by January 1, 2011, adopt by regulation minimum operating standards for an institution that shall reasonably ensure that all of the following occur:

“(a) The content of each educational program can achieve its stated objective.

“(b) The institution maintains specific written standards for student admissions for each educational program and those standards are related to the particular educational program.

“(c) The facilities, instructional equipment, and materials are sufficient to enable students to achieve the educational program’s goals.

“(d) The institution maintains a withdrawal policy and provides refunds.

“(e) The directors, administrators, and faculty are properly qualified.

“(f) The institution is financially sound and capable of fulfilling its commitments to students.

“(g) That, upon satisfactory completion of an educational program, the institution gives students a document signifying the degree or diploma awarded.

“(h) Adequate records and standard transcripts are maintained and are available to students.

“(i) The institution is maintained and operated in compliance with this chapter and all other applicable ordinances and laws.

9. California Education Code section 94886 states:

“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.”

10. California Education Code section 94887:

"An approval to operate shall be granted only after an applicant has presented sufficient evidence to the bureau, and the bureau has independently verified the information provided by the applicant through site visits or other methods deemed appropriate by the bureau, that the applicant has the capacity to satisfy the minimum operating standards. The bureau shall deny an application for an approval to operate if the application does not satisfy those standards."

11. Section 94891, subdivision (b) states:

"to be granted a renewal of an approval to operate, the institution shall demonstrate its continued capacity to meet minimum operating standards."

12. California Education Code section 94909 states as follows:

"(a) 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:

..."

"(7) Information regarding the faculty and their qualifications.

"...

"(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 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.

"...

"(14) A description of the student's rights and responsibilities with respect to the Student Tuition Recovery Fund. This statement shall specify that it is a state requirement that a student who pays his or her tuition is required to pay a state-imposed assessment for the Student Tuition Recovery Fund. This statement shall also describe the purpose and operation of the Student Tuition Recovery Fund and the requirements for filing a claim against the Student Tuition Recovery Fund.

..."
REGULATORY PROVISIONS

13. California Code of Regulations, title 5, division 7.5, section 71475 states:

"...

"(b) An institution seeking to renew its Approval to Operate pursuant to section 94891 of the Code shall, prior to its expiration, complete and submit to the Bureau the "Application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions," Form Application 94891 (rev. 2/10).

"(c) The application for renewal of approval to operate and offer educational programs for non-accredited institutions shall include all of the following:

1. The name, institution/school code and website address of the institution.
2. The physical address of the institution's primary administrative location in California.
3. The mailing address, identified either by physical address or by post office box number, telephone number and fax number of the institution.
4. The physical address, phone number and fax number of each campus and branch at which the educational programs will be offered, including the identification of the institution's main location and branch locations.
5. The name, address, email address, telephone number, and fax number of an individual who will function as the institution's contact person for the purposes of the application.
6. The form of business organization of the institution (e.g., sole proprietorship, general or limited partnership, for-profit corporation, nonprofit corporation, or Limited Liability Corporation). If the institution is incorporated, the institution shall also identify the state within which the institution is incorporated and the date of incorporation, and provide copies of the articles of incorporation and bylaws.
7. The name, title, address, email address, telephone number, nature of interest and percentage of ownership of each person, as defined in section 94855 of the Code, who owns or controls 25% or more of the stock or an interest in the institution and, to the extent applicable, each general partner, officer, corporate director, member of the board of directors, and any other person who exercises substantial control over the institution's management or policies. For the
purpose of this paragraph, a person exercises "substantial control over the institution's
management or policies" if the person has the authority to cause the institution to expend money
or incur debt in the amount of five thousand dollars ($5,000) or more in any year.

"...

"(ck) An incomplete application filed under this section will render the institution ineligible
for renewal."

14. California Code of Regulations, title 5, division 7.5, section 76215 subdivision (b)
states:

"...

"(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 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.
"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."

15. California Code of Regulations, title 5, division 7.5, section 71810 states:

"(a) Each institution shall provide a catalog pursuant to section 94909 of the Code, which
shall be updated annually. Annual updates may be made by the use of supplements or inserts
accompanying the catalog. If changes in educational programs, educational services, procedures,
or policies required to be included in the catalog by statute or regulation are implemented before
the issuance of the annually updated catalog, those changes shall be reflected at the time they are
made in supplements or inserts accompanying the catalog.

"(b) The catalog shall contain the information prescribed by Section 94909 of the Code and
all of the following:

"...

"(2) A statement of the institution's missions and purposes and the objectives underlying
each of its educational programs;

"(3) If the institution admits students from other countries, whether visa services are
provided or whether the institution will vouch for student status, and any associated charges;

"...

"(7) The institution's policies and procedures for the award of credit for prior experiential
learning, including assessment policies and procedures, provisions for appeal, and all charges that
a student may be required to pay;

"...

"(9) A description of the facilities and of the types of equipment and materials that will be
used for instruction;

"(10) A description of library and other learning resources and the procedures for student
access to those resources;

"...
“(13) Housing information including all of the following:

“(A) Whether the institution has dormitory facilities under its control;

“(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

“(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.

“(14) Policies on student rights, including the procedure for addressing student grievances;”

16. California Code of Regulations, title 5, division 7.5, section 70000 subdivisions (q) and (r) state:

“...

“(q) "Mission" means an institution's stated educational reasons to exist. A mission statement contains all of the following characteristics:

“(1) The mission includes the institution's broad expectations concerning the education that students will receive, including the acquisition of the body of knowledge presented in the educational program, the development of intellectual, analytical, and critical abilities, and the fostering of values such as a commitment to pursue lifelong learning; and

“(2) The mission relates to the educational expectations of the institution's students, faculty and community that the institution serves.

“(r) "Objectives" are the goals and methods by which the institution fulfills its mission and transforms it into measurable student learning outcomes for each educational program.

"...

CAUSE FOR DENIAL OF APPLICATION

(Incomplete Application)

17. Respondent's application is subject to denial under Business and Professions Code section 480, subdivision (a)(3)(A), Education Code section 94885, 94886 and 94887, and California Code of Regulations, title 5, division 7.5, section 71475, in that Respondent submitted
an incomplete renewal application to the Bureau. Each violation is a sole and separate cause for
denial. The violations are as follows:

a. **Faculty Qualifications.** Respondent failed to submit a catalog that contains the
required information about its faculty and their qualifications. This is a violation of California
Education Code (CEC) section 94909 subdivision (a)(7).

b. **Student Loan Repayment.** Respondent failed to submit a catalog that complies
with CEC section 94909 subdivision (a)(11), regarding student rights to reimbursement of
moneys not paid from federal financial aid funds.

c. **Student Tuition Recovery Fund Disclosure.** Respondent failed to submit a
catalog that complies with CEC section 94909 subdivision (a)(14) and California Code of
regulations (CCR) section 76215 subdivision (b), which requires the following language to be
included in its catalog:

"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."

... However, no claim can be paid to any student without a social security number or a
taxpayer identification number.

d. **Statement of Mission and Objectives.** Respondent failed to submit a catalog that
complies with CCR section 71810 subdivision (b)(2) and CCR section 70000 subdivisions (q)
and (r), which requires that it contain a statement of the institutions missions and purposes, and
the objectives underlying each of its educational programs.

e. **Visa Services.** Respondent failed to comply with CCR section 71810 subdivision
(b)(3) in that its catalog provides conflicting information on whether Visa services are provided.

f. **Prior Experiential Learning Credit.** Respondent failed to comply with CCR section
71810 subdivision (b)(7) in that its catalog fails to provide the policies and procedures for the
award of credit for prior experiential learning, including assessment policies and procedures, provisions for appeal and charges that students may be required to pay.

g. **Facilities and Equipment.** Respondent failed to comply with CCR section 71810 subdivision (b)(9) in that its catalog fails to include the types of equipment and materials that will be used for instruction.

h. **Library and Learning Resources.** Respondent failed to comply with CCR section 71810 subdivision (b)(10) in that its catalog fails to provide a description of student access to the library and other learning resources.

i. **Estimated Cost of Housing.** Respondent failed to comply with CCR section 71810 subdivision (b)(13) in that its catalog fails to provide an estimation of the cost or range of cost for local housing.

j. **Student Rights.** Respondent failed to comply with CCR section 71810 subdivision (b)(14) in that its catalog fails to provide a policy on student rights.

**PRAYER**

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

1. Denying the application of Cinema Make-Up School; Sasha Kim Lee for a Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions; and

2. Taking such other and further action as deemed necessary and proper.

DATED: _4/10/14_