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

11
12 In the Matter of the Statement of Issues
Against:

Case No. 999493

13
14 **WEST ORANGE COLLEGE, JOHN KIM,**
51% OWNER, LISA Y. KIM, 49% OWNER

STATEMENT OF ISSUES

15
16 **School/Institution Code No. 3009661**
Renewal of Approval to Operate Applicant

17 Respondent.

18
19 Complainant alleges:

20 PARTIES

21 1. Joanne Wenzel (Complainant) brings this Statement of Issues solely in her official
22 capacity as the Chief of the Bureau for Private Postsecondary Education, Department of
23 Consumer Affairs.

24 2. On or about March 30, 2012, the Bureau for Private Postsecondary Education
25 received an application for an Application for Renewal of Approval to Operate and offer
26 Educational Programs for Non-Accredited Institutions (application) from West Orange College,
27 John Kim, Owner, Lisa Y. Kim, Owner (Respondent). On or about March 27, 2012, John Kim
28

1 certified under penalty of perjury to the truthfulness of all statements, answers, and representations
2 in the application. The Bureau denied the application on February 7, 2014.

3 JURISDICTION

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

8 4. Education Code Section 94886 states:

9 Except as exempted in Article 4 (commencing with section 94874) or in
10 compliance with the transition provisions in Article 2 (commencing with Section
11 94802), a person shall not open, conduct, or do business as a private postsecondary
12 educational institution in this state without obtaining an approval to operate under this
13 chapter.

14 5. Section 94887 of the Education Code states:

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

22 6. Section 94891 of the Education Code states:

23 (a) The bureau shall, by January 1, 2011, adopt by regulation the process and
24 procedures whereby an institution may obtain a renewal of an approval to operate.

25 (b) To be granted a renewal of an approval to operate, the institution shall
26 demonstrate its continued capacity to meet the minimum operating standards.

27 7. Section 94897 of the Education Code states:

28 An institution shall not do any of the following:

(a) Use, or allow the use of, any reproduction or facsimile of the Great Seal
of the State of California on a diploma.

(b) Promise or guarantee employment, or otherwise overstate the availability
of jobs upon graduation.

(c) Advertise concerning job availability, degree of skill, or length of time
required to learn a trade or skill unless the information is accurate and not
misleading.

1 (d) Advertise, or indicate in promotional material, without including the fact
2 that the educational programs are delivered by means of distance education if the
3 educational programs are so delivered.

4 (e) Advertise, or indicate in promotional material, that the institution is
5 accredited, unless the institution has been accredited by an accrediting agency.

6 (f) Solicit students for enrollment by causing an advertisement to be published
7 in "help wanted" columns in a magazine, newspaper, or publication, or use "blind"
8 advertising that fails to identify the institution.

9 (g) Offer to compensate a student to act as an agent of the institution with
10 regard to the solicitation, referral, or recruitment of any person for enrollment in
11 the institution, except that an institution may award a token gift to a student for
12 referring an individual, provided that the gift is not in the form of money, no more
13 than one gift is provided annually to a student, and the gift's cost is not more than
14 one hundred dollars (\$100).

15 (h) Pay any consideration to a person to induce that person to sign an
16 enrollment agreement for an educational program.

17 (i) Use a name in any manner improperly implying any of the following:

18 (1) The institution is affiliated with any government agency, public or private
19 corporation, agency, or association if it is not, in fact, thus affiliated.

20 (2) The institution is a public institution.

21 (3) The institution grants degrees, if the institution does not grant degrees.

22 (j) In any manner make an untrue or misleading change in, or untrue or
23 misleading statement related to, a test score, grade or record of grades, attendance
24 record, record indicating student completion, placement, employment, salaries, or
25 financial information, including any of the following:

26 (1) A financial report filed with the bureau.

27 (2) Information or records relating to the student's eligibility for student
28 financial aid at the institution.

(3) Any other record or document required by this chapter or by the bureau.

(k) Willfully falsify, destroy, or conceal any document of record while that
document of record is required to be maintained by this chapter.

(l) Use the terms "approval," "approved," "approval to operate," or
"approved to operate" without stating clearly and conspicuously that approval to
operate means compliance with state standards as set forth in this chapter. If the
bureau has granted an institution approval to operate, the institution may indicate
that the institution is "licensed" or "licensed to operate," but may not state or imply
either of the following:

(1) The institution or its educational programs are endorsed or recommended
by the state or by the bureau.

1 (2) The approval to operate indicates that the institution exceeds minimum
state standards as set forth in this chapter.

2 (m) Direct any individual to perform an act that violates this chapter, to
3 refrain from reporting unlawful conduct to the bureau or another government
4 agency, or to engage in any unfair act to persuade a student not to complain to the
bureau or another government agency.

5 (n) Compensate an employee involved in recruitment, enrollment, admissions,
6 student attendance, or sales of educational materials to students on the basis of a
7 commission, commission draw, bonus, quota, or other similar method related to the
recruitment, enrollment, admissions, student attendance, or sales of educational
materials to students, except as provided in paragraph (1) or (2):

8 (1) If the educational program is scheduled to be completed in 90 days or
9 less, the institution shall pay compensation related to a particular student only if
that student completes the educational program.

10 (2) For institutions participating in the federal student financial aid programs,
11 this subdivision shall not prevent the payment of compensation to those involved in
12 recruitment, admissions, or the award of financial aid if those payments are in
conformity with federal regulations governing an institution's participation in the
federal student financial aid programs.

13 (o) Require a prospective student to provide personal contact information in
14 order to obtain, from the institution's Internet Web site, educational program
15 information that is required to be contained in the school catalog or any information
required pursuant to the consumer information requirements of Title IV of the
federal Higher Education Act of 1965, and any amendments thereto.

16 (p) Offer an associate, baccalaureate, master's, or doctoral degree without
17 disclosing to prospective students prior to enrollment whether the institution or the
18 degree program is unaccredited and any known limitation of the degree, including,
but not limited to, all of the following:

19 (1) Whether a graduate of the degree program will be eligible to sit for the
applicable licensure exam in California and other states.

20 (2) A statement that reads: "A degree program that is unaccredited or a
21 degree from an unaccredited institution is not recognized for some employment
positions, including, but not limited to, positions with the State of California."

22 (3) That a student enrolled in an unaccredited institution is not eligible for
23 federal financial aid programs.

24 8. Section 94909, subdivision (a) of the Education Code states in part:

25 (a) Prior to enrollment, an institution shall provide a prospective student, either in
26 writing or electronically, with a school catalog containing, at a minimum, all of the
following:

27 (1) The name, address, telephone number, and, if applicable, Internet Web site
28 address of the institution.

1 (2) Except as specified in Article 2 (commencing with Section 94802), a
statement that the institution is a private institution and that it is approved to
2 operate by the bureau.

3 (3) The following statements:

4 (A) "Any questions a student may have regarding this catalog that have not been
satisfactorily answered by the institution may be directed to the Bureau for Private
5 Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web
site address), (telephone and fax numbers)."

6 (B) "As a prospective student, you are encouraged to review this catalog prior to
signing an enrollment agreement. You are also encouraged to review the School
7 Performance Fact Sheet, which must be provided to you prior to signing an
enrollment agreement."

8 (C) "A student or any member of the public may file a complaint about this
9 institution with the Bureau for Private Postsecondary Education by calling (toll-free
telephone number) or by completing a complaint form, which can be obtained on
10 the bureau's Internet Web site (Internet Web site address)."

11 (4) The address or addresses where class sessions will be held.

12 (5) A description of the programs offered and a description of the instruction
provided in each of the courses offered by the institution, the requirements for
13 completion of each program, including required courses, any final tests or
examinations, any required internships or externships, and the total number of
14 credit hours, clock hours, or other increments required for completion.

15 (6) If the educational program is designed to lead to positions in a profession,
occupation, trade, or career field requiring licensure in this state, a notice to that
16 effect and a list of the requirements for eligibility for licensure.

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

18 (8) A detailed description of institutional policies in the following areas:

19 (A) Admissions policies, including the institution's policies regarding the
acceptance of credits earned at other institutions or through challenge examinations
20 and achievement tests, admissions requirements for ability-to-benefit students, and
a list describing any transfer or articulation agreements between the institution and
21 any other college or university that provides for the transfer of
credits earned in the program of instruction. If the institution has not entered into
22 an articulation or transfer agreement with any other college or university, the
institution shall disclose that fact.

23 (B) Cancellation, withdrawal, and refund policies, including an explanation that
24 the student has the right to cancel the enrollment agreement and obtain a refund of
charges paid through attendance at the first class session, or the seventh day after
25 enrollment, whichever is later. The text shall also include a description of the
procedures that a student is required to follow to cancel the enrollment agreement
26 or withdraw from the institution and obtain a refund consistent with the
requirements of Article 13 (commencing with Section 94919).

27 (C) Probation and dismissal policies.
28

1 (D) Attendance policies.

2 (E) Leave-of-absence policies.

3 (9) The schedule of total charges for a period of attendance and an estimated
4 schedule of total charges for the entire educational program.

5 (10) A statement reporting whether the institution participates in federal and state
6 financial aid programs, and if so, all consumer information that is required to be
7 disclosed to the student pursuant to the applicable federal and state financial aid
8 programs.

9 (11) A statement specifying that, if a student obtains a loan to pay for an
10 educational program, the student will have the responsibility to repay the full
11 amount of the loan plus interest, less the amount of any refund, and that, if the
12 student has received federal student financial aid funds, the student is entitled to a
13 refund of the moneys not paid from federal student financial aid program funds.

14 (12) A statement specifying whether the institution has a pending petition in
15 bankruptcy, is operating as a debtor in possession, has filed a petition within the
16 preceding five years, or has had a petition in bankruptcy filed against it within the
17 preceding five years that resulted in reorganization under Chapter 11 of the United
18 States Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

19 (13) If the institution provides placement services, a description of the nature and
20 extent of the placement services.

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

28 (15) The following statement:

"NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND
CREDENTIALS EARNED AT OUR INSTITUTION

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."

1 (16) A statement specifying whether the institution, or any of its degree
2 programs, are accredited by an accrediting agency recognized by the United States
3 Department of Education. If the institution is unaccredited and offers an associate,
4 baccalaureate, master's, or doctoral degree, or is accredited and offers an
5 unaccredited program for an associate, baccalaureate, master's, or doctoral degree,
6 the statement shall disclose the known limitations of the degree program, including,
7 but not limited to, all of the following:

8 (A) Whether a graduate of the degree program will be eligible to sit for the
9 applicable licensure exam in California and other states.

10 (B) A degree program that is unaccredited or a degree from an unaccredited
11 institution is not recognized for some employment positions, including, but not
12 limited to, positions with the State of California.

13 (C) That a student enrolled in an unaccredited institution is not eligible for federal
14 financial aid programs.

15 (b) If the institution has a general student brochure, the institution shall provide
16 that brochure to the prospective student prior to enrollment. In addition, if the
17 institution has a program-specific student brochure for the program in which the
18 prospective student seeks to enroll, the institution shall provide the program-
19 specific student brochure to the prospective student prior to enrollment.

20 (c) An institution shall provide the school catalog to any person upon request. In
21 addition, if the institution has student brochures, the institution shall disclose the
22 requested brochures to any interested person upon request.

23 9. Section 94911 of the Education Code states:

24 An enrollment agreement shall include, at a minimum, all of the following:

25 (a) The name of the institution and the name of the educational program,
26 including the total number of credit hours, clock hours, or other increment required
27 to complete the educational program.

28 (b) A schedule of total charges, including a list of any charges that are
nonrefundable and the student's obligations to the Student Tuition Recovery Fund,
clearly identified as nonrefundable charges.

(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.

(d) A clear and conspicuous statement that the enrollment agreement is
legally binding when signed by the student and accepted by the institution.

(e) (1) A disclosure with a clear and conspicuous caption, 'STUDENT'S
RIGHT TO CANCEL,' under which it is explained that the student has the right to
cancel the enrollment agreement and obtain a refund of charges paid through
attendance at the first class session, or the seventh day after enrollment, whichever
is later.

(2) The disclosure shall contain the institution's refund policy and a statement
that, if the student has received federal student financial aid funds, the student is

1 entitled to a refund of moneys not paid from federal student financial aid program funds.

2 (3) The text shall also include a description of the procedures that a student is
3 required to follow to cancel the enrollment agreement or withdraw from the
4 institution and obtain a refund.

4 (f) A statement specifying that, if the student obtains a loan to pay for an
5 educational program, the student will have the responsibility to repay the full
6 amount of the loan plus interest, less the amount of any refund.

6 (g) A statement specifying that, if the student is eligible for a loan guaranteed
7 by the federal or state government and the student defaults on the loan, both of the
8 following may occur:

8 (1) The federal or state government or a loan guarantee agency may take
9 action against the student, including applying any income tax refund to which the
10 person is entitled to reduce the balance owed on the loan.

10 (2) The student may not be eligible for any other federal student financial aid
11 at another institution or other government assistance until the loan is repaid.

11 (h) The transferability disclosure that is required to be included in the school
12 catalog, as specified in paragraph (15) of subdivision (a) of Section 94909.

13 (i) (1) The following statement: 'Prior to signing this enrollment agreement,
14 you must be given a catalog or brochure and a School Performance Fact Sheet,
15 which you are encouraged to review prior to signing this agreement. These
16 documents contain important policies and performance data for this institution. This
17 institution is required to have you sign and date the information included in the
18 School Performance Fact Sheet relating to completion rates, placement rates,
19 license examination passage rates, and salaries or wages, prior to signing this
20 agreement.'

18 (2) Immediately following the statement required by paragraph (1), a line for
19 the student to initial, including the following statement: 'I certify that I have
20 received the catalog, School Performance Fact Sheet, and information regarding
21 completion rates, placement rates, license examination passage rates, and salary or
22 wage information included in the School Performance Fact sheet, and have signed,
23 initialed, and dated the information provided in the School Performance Fact Sheet.'

21 (j) The following statements:

22 (1) 'Any questions a student may have regarding this enrollment agreement
23 that have not been satisfactorily answered by the institution may be directed to the
24 Bureau for Private Postsecondary Education at (address), Sacramento, CA (ZIP
25 Code), (Internet Web site address), (telephone and fax numbers).'

25 (2) 'A student or any member of the public may file a complaint about this
26 institution with the Bureau for Private Postsecondary Education by calling (toll-free
27 telephone number) or by completing a complaint form, which can be obtained on
28 the bureau's Internet Web site (Internet Web site address).'

27 (k) The following statement above the space for the student's signature: 'I
28 understand that this is a legally binding contract. My signature below certifies that I

1 have read, understood, and agreed to my rights and responsibilities, and that the
2 institution's cancellation and refund policies have been clearly explained to me."

3 10. Section 94913 of the Education Code states:

4 (a) An institution that maintains an Internet Web site shall provide on that Internet
5 Web site all of the following:

6 (1) The school catalog.

7 (2) A School Performance Fact Sheet for each educational program offered by
8 the institution.

9 (3) Student brochures offered by the institution.

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

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

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

15 REGULATIONS

16 11. California Code of Regulations, Title 5, section 71475 states in part:

17 (e) The institution shall submit at the time it applies for renewal current financial
18 statements that meet the requirements of section 74115 as follows: (1) for an
19 institution with annual gross revenues of \$500,000 and over, statements shall be
20 audited; (2) for an institution with annual gross revenues less than \$500,000,
21 statements shall be reviewed.

22

23 (w)(1) The application shall contain a statement that the institution has and can
24 maintain the financial resources required pursuant to section 71745.

25 (2) The institution shall submit current, audited financial statements at the time it
26 applies for approval to operate. Each set of financial statements shall comply with
27 Section 74115 of this chapter.

28 (x) The application shall include a statement that the institution has contracted with
sufficient duly qualified faculty members who meet the qualifications of section
71720 unless there have been no substantive changes since the last submission. If
there have been no substantive changes made the institution may so state and is not
required to provide documentation.

12. California Code of Regulations, Title 5, section 71800 states in part:

"In addition to the requirements of section 94911 of the Code, an institution shall
provide to each student an enrollment agreement that contains at the least the
following information:

1 (a) The name and address of the institution and the addresses where instruction will
be provided.

2 (b) Period covered by the enrollment agreement.

3 (c) Program start date and scheduled completion date.

4 (d) Date by which the student must exercise his or her right to cancel or withdraw,
5 and the refund policy, including any alternative method of calculation if approved
by the Bureau pursuant to section 94921 of the Code.

6 (e) Itemization of all institutional charges and fees including, as applicable:

7 (1) tuition;

8 (2) registration fee (non-refundable);

9 (3) equipment;

10 (4) lab supplies or kits;

11 (5) Textbooks, or other learning media;

12 (6) uniforms or other special protective clothing;

13 (7) in-resident housing;

14 (8) tutoring;

15 (9) assessment fees for transfer of credits;

16 (10) fees to transfer credits;

17 (11) Student Tuition Recovery Fund fee (non-refundable);

18 (12) any other institutional charge or fee.

19 (f) Charges paid to an entity other than an institution that is specifically required for
participation in the educational program.”

20 13. California Code of Regulations, Title 5, section 74115 states:

21 (a) This section applies to every set of financial statements required to be prepared
22 or filed by the Act or by this chapter.

23 (b) A set of financial statements shall contain, at a minimum, a balance sheet, an
24 income statement, and a cash flow statement, and the preparation of financial
statements, shall comply with all of the following:

25 (1) Audited and reviewed financial statements shall be conducted and prepared
26 in accordance with the generally accepted accounting principles established by
27 the American Institute of Certified Public Accountants by an independent
certified public accountant who is not an employee, officer, or corporate director
28 or member of the governing board of the institution.

1 (2) Financial statements prepared on an annual basis as required by section
2 74110(b) shall be prepared in accordance with the generally accepted accounting
3 principles established by the American Institute of Certified Public Accountants.
4 Nonprofit institutions shall provide annual financial statements as required under
5 generally accepted accounting principles for nonprofit organizations.

6 (3) The financial statements shall establish that the institution meets the
7 requirements for financial resources required by Section 71745.

8 (4) If an audit performed to determine compliance with any federal or state
9 student financial aid program reveals any failure to comply with the requirements
10 of the program and the noncompliance creates any liability or potential liability
11 for the institution, the financial statements shall reflect the liability or potential
12 liability.

13 (5) Any audits shall demonstrate that the accountant obtained an understanding
14 of the institution's internal financial control structure, assessed any risks, and has
15 reported any material deficiencies in the internal controls.

16 (c) Work papers for the financial statements shall be retained for five years from the
17 date of the statements and shall be made available to the Bureau upon request.

18 (d) "Current" with respect to financial statements means completed no sooner than
19 120 days prior to the time it is submitted to the Bureau, and covering no less than
20 the most recent complete fiscal year. If more than 8 months will have elapsed
21 between the close of the most recent complete fiscal year and the time it is
22 submitted, the fiscal statements shall also cover no less than five months of that
23 current fiscal year.

24 14. California Code of Regulations, Title 5, section 76215 states.

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

28 "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

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

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

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

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

- 15 1. The school closed before the course of instruction was completed.
- 16 2. The school's failure to pay refunds or charges on behalf of a student to a
17 third party for license fees or any other purpose, or to provide equipment or
18 materials for which a charge was collected within 180 days before the
19 closure of the school.
- 20 3. The school's failure to pay or reimburse loan proceeds under a federally
21 guaranteed student loan program as required by law or to pay or reimburse
22 proceeds received by the school prior to closure in excess of tuition and
23 other costs.
- 24 4. There was a material failure to comply with the Act or this Division within
25 30 days before the school closed or, if the material failure began earlier than
26 30 days prior to closure, the period determined by the Bureau.
- 27 5. An inability after diligent efforts to prosecute, prove, and collect on a
28 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.

CAUSES FOR DENIAL OF APPLICATION

FIRST CAUSE FOR DENIAL OF APPLICATION

(Noncompliance with Minimum Operating Standards; Format of Enrollment Agreement)
(Educ. Code §§ 94887; and 94911; 5 C.C.R. §§ 76215 and 71800)

15 15. Respondent's application is subject to denial because the institution has failed to
16 provide evidence that the applicant has the capacity to meet the minimum operating standards set
17 forth in Education Code section sections 94887, 94891, and 94911 and the regulations thereunder,
18 because Respondent's proposed enrollment agreement fails to comply with California law, as
19 follows:

1 a. California Code of Regulations Title 5, section 71800, subdivisions (b) and (d)
2 requires that an enrollment agreement contain the following information: the period covered by
3 the enrollment agreement, and the date by which the student must exercise his or her right to
4 cancel or withdraw, and the refund policy, including any alternative method of calculation if
5 approved by the Bureau pursuant to section 94921 of the Code. Respondent's proposed
6 enrollment agreement fails to contain this required information.

7 b. California Code of Regulations Title 5, section 76215, subdivisions (a) and (b)
8 requires that an enrollment agreement contain verbatim required language related to the Student
9 Tuition Recovery Fund (STRF). Respondent's proposed enrollment agreement fails to contain this
10 required information.

11 c. Education Code section 94911, subdivision (e)(1), requires that Respondent's
12 Enrollment Agreement contain a verbatim clear and conspicuous caption, "STUDENT RIGHT TO
13 CANCEL," together with explanatory language. Respondent's proposed enrollment agreement
14 fails to contain this required information.

15 d. Education Code section 94911, subdivision (j)(1), requires that Respondent's
16 enrollment agreement include the Bureau's web address for directing students to the Bureau for
17 unanswered questions and for filing a complaint with the Bureau. Respondent's proposed
18 enrollment agreement fails to contain this required information.

19 e. Education Code section 94911, subdivision (i)(2), requires that Respondent's
20 enrollment agreement include a line, following the statement required by paragraph (1), for the
21 student to initial the specific required statements regarding students certifying that they have
22 received a catalog or brochure and a School Performance Fact Sheet prior to signing and initialing
23 their enrollment agreement. Respondent's proposed enrollment agreement fails to contain this
24 required information.

25 f. Education Code section 94911, subdivision (d), requires that Respondent's
26 enrollment agreement include a clear and conspicuous statement that the enrollment agreement is
27 legally binding when signed by the student and accepted by Respondent. Respondent's proposed
28 enrollment agreement fails to contain this required information.

1 g. Education Code section 94911, subdivision (k), requires that Respondent's
2 enrollment agreement include a verbatim specific required statement above the student's signature
3 that the enrollment agreement is a legally binding contract. Respondent's proposed enrollment
4 agreement fails to contain this required specifically required language.

5 SECOND CAUSE FOR DENIAL OF APPLICATION
6 (Noncompliance with Minimum Operating Standards; Financial Resources)
7 (Educ. Code §§ 94887; and 5 C.C.R. § 71475(e))

8 16. Respondent's application is subject to denial because the institution has failed to
9 provide evidence that the applicant has the capacity to meet the minimum operating standards set
10 forth in Education Code sections 94887 and 94891 and the regulations thereunder, because
11 Respondent's application fails to comply with California law, as follows:

12 a. California Code of Regulations Title 5, section 71475, subdivision (e), requires that
13 an applicant submit a current financial statement. The balance sheet submitted by Respondent
14 does not provide the detailed information that the reviewed financial statement must contain.
15 Further, the Bureau specifically requested a reviewed financial statement in two previous letters to
16 the institution prior to denying its application.

17 THIRD CAUSE FOR DENIAL OF APPLICATION
18 (Noncompliance with Minimum Operating Standards; Faculty)
19 (Educ. Code §§ 94887 and 94891(b); 5 Cal. Code Regs., §§ 71475(x) and 71720 (b)(1) and (2))

20 17. Respondent's application is subject to denial because the institution has failed to
21 provide evidence that the applicant has the capacity to meet the minimum operating standards set
22 forth in Education Code sections 94887 and 94891, subdivision (b), and California Code of
23 Regulations Title 5, sections 71475, subdivision (x) and 71720, subdivisions (b)(1) and (2)).

24 18. In particular, Respondent failed to supply to the Bureau sufficient information to
25 determine if faculty employed by the Respondent meet the minimum qualification for "duly
26 qualified faculty." Respondent failed to submit verification of qualifications for these faculty
27 members, such as three years of ESL teaching experience for the following faculty members: S.
28 M., C. A. and R. A. Also, Respondent failed to submit verification of qualifications such as
TESOL Teacher Training certificates from an accredited institution, for the following faculty

1 members: C.A. and R. A.

2 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

3 (Noncompliance with Minimum Operating Standards; Catalog)
4 (Educ. Code §§ 94887, 94891(b), 94897(l) and (p), 94909(a); 5 Cal. Code Regs., §§ 71475(x)
and 71720 (b)(1) and (2))

5 19. Respondent's application is subject to denial because the institution has failed to
6 provide evidence that the applicant has the capacity to meet the minimum operating standards set
7 forth in Education Code sections 94887, 94891, subdivision (b), 94897, subdivisions (l) and (p),
8 94909, subdivision (a)(8)(A), (a)(11), and (a)(16)(C), and California Code of Regulations Title 5,
9 sections 71475(x) and 71720 (b)(1) and (2)), 71770, subdivision (a)(1) and (b), 71810, subdivisions
10 (b)(5) and (8), as follows:

11 a. Respondent's proposed catalog failed to state clearly and conspicuously that the
12 institution has "approval to operate" and "approval" means compliance with State standards as set
13 forth in California Private Postsecondary Education Act of 2009.

14 b. Respondent's application fails to set forth the following admission policies for the
15 institution: 1) whether the West Orange College (WOC) accepts transfer of credits from other
16 institutions, 2) how many units may be transferred and the basis for the transfer of the units, and 3)
17 whether ability-to-benefit (ATB) students can attend WOC and what are the requirements.

18 c. In response to the Bureau's deficiency letters, dated October 8, 2013 and December
19 23, 2013, Respondent modified its catalog to state that "the students will be given an entrance
20 examination prior to enrolling to measure the ability to benefit from the programs offered."
21 Respondent failed to indicate which U.S. Department of Education approved test will be
22 administered, what the passing scores are and whether a third party agency will administer the test.

23 d. Respondent's catalog failed to state whether any instruction will be in a language
24 other than English.

25 e. Respondent's catalog does not disclose to prospective students prior to enrollment
26 whether the Respondent is unaccredited, and that a student enrolled in an unaccredited institution
27 is not eligible for federal financial aid programs.

28 f. Respondent's catalog does not contain a complete statement specifying that, if a

1 student obtains a loan, the student will have to repay the full amount of the loan plus interest, less
2 the amount of any refund, and that if the student receives federal student aid, the student is entitled
3 to a refund of the money not paid from federal financial aid funds.

4 g. Respondent's catalog does not contain standards for student achievement.

5 FIFTH CAUSE FOR DENIAL OF APPLICATION
6 (Noncompliance with Minimum Operating Standards; Website)
7 (Educ. Code §§ 94887, 94891(b), 94913)

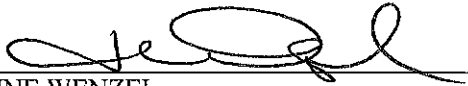
8 20. Respondent's application is subject to denial because the institution has failed to
9 provide evidence that the applicant has the capacity to meet the minimum operating standards set
10 forth in Education Code sections 94887 and 94891, subdivision (b), and 94913, subdivisions (a)(4)
11 and (b) as follows:

12 21. Respondent's web site failed to provide a link to the Bureau's internet web site where
13 students may access the Bureau's internet web site anywhere the institution identifies itself as being
14 approved by the Bureau.

15 PRAYER

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

- 19 1. Denying the application of West Orange College, John Kim, Owner, Lisa Y. Kim,
20 Owner for a renewal of approval to operate;
21 2. Taking such other and further action as deemed necessary and proper.

22
23 DATED: September 27, 2014 

24 JOANNE WENZEL
25 Chief
26 Bureau for Private Postsecondary Education
27 Department of Consumer Affairs
28 State of California
Complainant

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