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

In the Matter of the Statement of Issues  
Against:  
**SCHOOL OF HEALING TOUCH;  
HUSSEIN F. AZAR, OWNER**  
**Applicant for Renewal of Approval to  
Operate and Offer Educational Programs  
for Non-Accredited Institutions**  
  
Respondent.

Case No. 999666  
**STATEMENT OF ISSUES**

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, Department of Consumer Affairs.
2. On or about September 14, 2012, the Bureau for Private Postsecondary Education (Bureau) received an Application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions from Hussein F. Azar, Owner of School of Healing Touch (Respondent). Hussein F. Azar certified under penalty of perjury to the truthfulness of all

1 statements, answers, and representations in the application on or about September 11, 2012. The  
2 Bureau denied the application on or about April 8, 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, under the authority of the following laws. All  
6 section references are to the Education Code unless otherwise indicated.

7 4. Section 94875 states:

8 “The Bureau for Private Postsecondary Education, as established by Section 6 of Chapter  
9 635 of the Statutes of 2007, is continued in existence and shall commence operations. This  
10 chapter establishes the functions and responsibilities of the bureau, for the purposes of Section 6  
11 of Chapter 635 of the Statutes of 2007. The bureau shall regulate private postsecondary  
12 educational institutions through the powers granted, and duties imposed, by this chapter. In  
13 exercising its powers, and performing its duties, the protection of the public shall be the bureau's  
14 highest priority. If protection of the public is inconsistent with other interests sought to be  
15 promoted, the protection of the public shall be paramount.”<sup>1</sup>

16 5. Section 94886 states that “except as exempted in Article 4 (commencing with section  
17 94874), or in compliance with the transition provisions in Article 2 (commencing with section  
18 94802), a person shall not open, conduct, or do business as a private postsecondary educational  
19 institution in this state without obtaining an approval to operate under this chapter.”

20 6. Section 94887 states:

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

26  
27 <sup>1</sup> The California Private Postsecondary Education Act of 2009 (Ed. Code, §§ 94800 *et*  
28 *seq.*) was recently amended, effective January 1, 2015. See Senate Bill No. 1247. This Statement  
of Issues is based on the amended version of the Act.

1 **STATUTORY PROVISIONS**

2 7. Section 94891, subdivision (b), states that to be granted a renewal of an approval  
3 to operate, the institution shall demonstrate its continued capacity to meet the minimum operating  
4 standards.

5 8. Section 94897, subdivision (j), states in pertinent part, that an institution shall not  
6 in any manner make an untrue or misleading change in, or untrue or misleading statement related  
7 to, a test score, grade or record of grades, attendance record, record indicating student completion,  
8 placement, employment, salaries, or financial information.

9 9. Section 94909, subdivision (a)(15), states that prior to enrollment, an institution  
10 shall provide a prospective student, either in writing or electronically, with a school catalog  
11 containing, at a minimum, all of the following:

12 ...

13 "(15) The following statement:

14 NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND CREDENTIALS  
15 EARNED AT OUR INSTITUTION

16 The transferability of credits you earn at (name of institution) is at the complete  
17 discretion of an institution to which you may seek to transfer. Acceptance of the  
18 (degree, diploma, or certificate) you earn in (name of educational program) is also at  
19 the complete discretion of the institution to which you may seek to transfer. If the  
20 (credits or degree, diploma, or certificate) that you earn at this institution are not  
21 accepted at the institution to which you seek to transfer, you may be required to  
22 repeat some or all of your coursework at that institution. For this reason you should  
23 make certain that your attendance at this institution will meet your educational goals.  
24 This may include contacting an institution to which you may seek to transfer after  
25 attending (name of institution) to determine if your (credits or degree, diploma, or  
26 certificate) will transfer."

27 10. Section 94911, states:

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

...

"(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.

...

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

5           "(2) The disclosure shall contain the institution's refund policy and a statement that, if the  
6 student has received federal student financial aid funds, the student is entitled to a refund of  
7 moneys not paid from federal student financial aid program funds.

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

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

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

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

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

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

22           "(i) (1) The following statement: 'Prior to signing this enrollment agreement, you must be  
23 given a catalog or brochure and a School Performance Fact Sheet, which you are encouraged to  
24 review prior to signing this agreement. These documents contain important policies and  
25 performance data for this institution. This institution is required to have you sign and date the  
26 information included in the School Performance Fact Sheet relating to completion rates,  
27 placement rates, license examination passage rates, salaries or wages, and the most recent three-  
28 year cohort default rate, if applicable, prior to signing this agreement.'



1 could assert against this institution, up to the amount you have already paid under the  
2 promissory note.”

3 **REGULATORY PROVISIONS**

4 12. California Code of Regulations, title 5, section 71700 states that “the Bureau may  
5 request that an institution document compliance with the standards set forth in the Act and this  
6 Division to obtain and maintain an approval to operate.

7  
8 13. California Code of Regulations, title 5, section 71475 states:

9 ...

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

14 ...

15 “(w)(2) The institution shall submit current, audited financial statements at the time it  
16 applies for approval to operate. Each set of financial statements shall comply with Section 74115  
17 of this chapter.

18 ...

19 “(bb) The application shall include a copy of the institution's catalog, in published or  
20 proposed-to-be-published form. The catalog shall meet the requirements of the Act and of section  
21 71810.

22 ...

23 “(kk) An incomplete application filed under this section will render the institution ineligible  
24 for renewal.”

25 14. California Code of Regulations, title 5, section 71730, subdivision (g), states that  
26 “the institution shall not employ or continue to employ any administrative personnel who were  
27 adjudicated in a judicial or administrative proceeding as having violated any provision of this  
28

1 chapter or as having committed any act that would constitute grounds for the denial of a license  
2 under Section 480 of the Business and Professions Code.<sup>2</sup>”

3  
4 15. California Code of Regulations, title 5, section 71800 states:

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

7 ...

8 (b) Period covered by the enrollment agreement.

9 ...

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

13 (e) Itemization of all institutional charges and fees including...

14 ...

15 (11) Student Tuition Recovery Fund fee (non-refundable);...”

16 16. California Code of Regulations, title 5, section 76215 states:

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

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

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

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

26 <sup>2</sup> Business and Professions Code section states, in pertinent part, that a board may deny a  
27 license regulated on the grounds that the applicant has one of the following:

28 (1) Been convicted of a crime. A conviction within the meaning of this section means a  
plea or verdict of guilty or a conviction following a plea of nolo contendere.....

(2) Done any act involving dishonesty, fraud, or deceit with the intent to substantially  
benefit himself or herself or another, or substantially injure another.

(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.

1 the third party.

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

- 4 1. You are not a California resident, or are not enrolled in a residency program, or
- 5 2. Your total charges are paid by a third party, such as an employer, government  
6 program or other payer, and you have no separate agreement to repay the third party."

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

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

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

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

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

30 **FIRST CAUSE FOR DENIAL OF APPLICATION**

31 **(Incomplete Application)**

32 **(Cal. Code Regs., tit. 5, § 71475, subs. (kk), (w)(2), and (bb))**

33 17. Respondent's application is subject to denial because Respondent submitted an  
34 incomplete application. (Cal. Code Regs., tit. 5, 71475, subd. (kk).) The circumstances are as  
35 follows:

1 a. Respondent failed to include current reviewed or audited financial statements. (Cal.  
2 Code Regs., tit. 5, § 71475, subd. (w)(2).)

3 b. Respondent failed to include a copy of the institution's catalog, in published or  
4 proposed-to-be published form. (Cal. Code Regs., tit. 5, § 71475, subd. (bb).)

5  
6 **SECOND CAUSE FOR DENIAL OF APPLICATION**

7 **(Penal Code section 628 Conviction)**

8 **(Ownership)**

9 **(Ed. Code, § 94897, subd. (j); Cal. Code Regs., tit. 5, § 71730, subd. (g))**

10 18. Respondent's application is subject to denial because the institution's owner was  
11 convicted of Penal Code section 628, that is, providing a certificate, transcript, diploma, or other  
12 document, or otherwise affirming that a person has received instruction in massage therapy  
13 knowing that the person has not received instruction in massage therapy or knowing that the  
14 person has not received massage therapy instruction. (Ed. Code, § 94897, subd. (j); Cal. Code  
15 Regs., tit. 5, § 71730, subd. (g).) Hussein Azar pled no contest to the misdemeanor on or about  
16 October 16, 2013, in Alameda County Case No. 452004, was ordered to spend 10 days in county  
17 jail, and was placed on conditional sentence of three years' probation. He committed the offense  
18 between March 6, 2013, and April 23, 2013.

19 **THIRD CAUSE FOR DENIAL OF APPLICATION**

20 **(Deficient Enrollment Agreement)**

21 **(Ed. Code, §§ 94911 and 94909, subd. (a)(15); Cal. Code Regs., tit. 5, § 71800)**

22 19. Respondent's application is subject to denial because Respondent's Enrollment  
23 Agreement is deficient. (Ed. Code, § 94911; Cal. Code Regs., tit. 5, § 71800.) The  
24 circumstances are as follows:

25 a. The Enrollment Agreement fails to contain the period covered. (Cal. Code Regs., tit.  
26 5, § 71800, subd. (b).)

27 b. The Enrollment Agreement fails to include the date by which the student must  
28 exercise his or her right to cancel or withdraw. (Cal. Code Regs., tit. 5, § 71800, subd. (d).)

a. The Enrollment Agreement fails to list the Student Tuition Recovery Fund fee as non-  
refundable. (Ed. Code, § 94911, subd. (b); Cal. Code Regs., tit. 5, § 71800, subd. (e)(11).)

1 d. The Enrollment Agreement fails to include the specific required language related to  
2 the Student Tuition Recovery Fund. (Cal. Code Regs., tit. 5, § 76215, subs. (a) and (b).)

3 e. The Enrollment Agreement fails to contain a clear and conspicuous caption,  
4 "STUDENT'S RIGHT TO CANCEL." Instead, it had a caption, "BUYER'S RIGHT TO  
5 CANCEL." Also, the disclosure fails to explain that the student has the right to cancel and obtain  
6 a refund of charges paid through attendance at the first class session, or the seventh day after  
7 enrollment, whichever is later. (Ed. Code, § 94911, subd. (e)(1).)

8 f. The Enrollment Agreement fails to include the disclosure that if the student has  
9 received federal financial aid funds, the student is entitled to a refund of moneys not paid from  
10 federal student financial aid program funds. (Ed. Code, § 94911, subd. (e)(2).)

11 g. The Enrollment Agreement fails to include the description of the procedures that a  
12 student is required to follow to cancel an enrollment agreement or withdraw from the institution  
13 and obtain a refund. (Ed. Code, § 94911, subd. (e)(3).)

14 h. The Enrollment Agreement fails to include a statement specifying that, if the student  
15 obtains a loan to pay for the educational program, the student will have the responsibility to repay  
16 the full amount of the loan plus interest, less the amount of any refund. (Ed. Code, § 94911, subd.  
17 (f).)

18 i. The Enrollment Agreement fails to include a statement specifying that, if the student  
19 defaults on a federal or state loan, that both the following may occur: (1) the federal or state  
20 government or a loan guarantee agency may take action against the student, including applying  
21 any income tax refund to which the person is entitled to reduce the balance owed on the loan; and  
22 (2) the student may not be eligible for any other federal student financial aid at another institution  
23 or other government financial assistance until the loan is repaid. (Ed. Code, § 94911, subs.  
24 (g)(1) and (2).)

25 j. The Enrollment Agreement fails to include the transferability disclosure that is  
26 required to be included in the school catalog. (Ed. Code, §§ 94909, subd. (a)(15) and 94911,  
27 subd. (h).)

28

1 k. The Enrollment Agreement fails to include specific required statements directing  
2 students to the Bureau for unanswered questions and for filing a complaint with the Bureau. The  
3 statements provided were not verbatim and listed incorrect contact information for the Bureau.  
4 (Ed. Code, § 94911, subs. (j)(1) and (2).)

5 l. The Enrollment Agreement fails to include specific required statements and a line for  
6 the student to initial regarding information prior to signing the enrollment agreement. (Ed. Code,  
7 § 94911, subs. (i)(1) and (2).)

8 m. The Enrollment Agreement fails to include the specific required statements above the  
9 space for the student's signature. (Ed. Code., § 94911, subd. (k).)

10 n. The Enrollment Agreement fails to include the specific required notice regarding the  
11 promissory note. (Ed. Code, § 94916.)

12 **PRAYER**

13 THEREFORE, Complainant requests that a hearing be held on the matters alleged in this  
14 Statement of Issues, and that following the hearing, the Director of the Department of Consumer  
15 Affairs issue a decision:

16 1. Denying the Application for Renewal of Approval to Operate and Offer Educational  
17 Programs for Non-Accredited Institutions by Hussein F. Azar, Owner of School of Healing  
18 Touch; and

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

20  
21 DATED: May 1, 2015

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

28 SF2014902502