1 2 3 4 5 6 7 8 9 10 11	XAVIER BECERRA Attorney General of California DIANN SOKOLOFF Supervising Deputy Attorney General LILLIAN Y. TABE Deputy Attorney General State Bar No. 207338 1515 Clay Street, 20th Floor P.O. Box 70550 Oakland, CA 94612-0550 Telephone: (510) 879-0988 Facsimile: (510) 622-2270 E-mail: Lillian.Tabe@doj.ca.gov Attorneys for Complainant BEFORE THE DEPARTMENT OF CONSUMER AFFAIRS FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION STATE OF CALIFORNIA		
12	In the Matter of the Statement of Issues	Case No. 1002114	
13	Against:		
14	THE COACHES TRAINING INSTITUTE,	STATEMENT OF ISSUES	
15	Application for Renewal of Approval to Operate an Institution Non-Accredited		
16	Institution No. 2101461		
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 April 11, 2012, the Bureau for Private Postsecondary Education received		
25	an Application for Renewal of Approval to Operate an Institution Non-Accredited from The		
26	Coaches Training Institute (Respondent). On or about April 5, 2012, Henry Kimsey- House and		
27	Karen Kimsey-House certified under penalty of perjury to the truthfulness of all statements,		
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	STATEMENT	OF ISSUES (THE COACHES TRAINING INSTITUTE)	

answers, and representations in the application. Between May 10, 2012 and October 20, 2015,
 the Bureau and Respondent exchanged correspondence regarding its application.

3 3. On or about October 30, 2015, the Bureau received from Respondent an updated
 Application for Renewal of Approval to Operate an Institution Non-Accredited. On or about
 October 22, 2015, Henry Kimsey- House and Karen Kimsey-House certified under penalty of
 perjury to the truthfulness of all statements, answers, and representations in the updated
 application.

Between January 28, 2016 and February 4, 2016, the Bureau and Respondent exchanged
correspondence regarding Respondent's updated application. On or about April 6, 2016, the
Bureau issued a deficiency letter to Respondent. On or about May 23, 2016, the Bureau received
a response to its April 6, 2016 letter. On or about June 1, 2016, the Bureau issued a deficiency
letter to Respondent. On or about June 9, 2016, the Bureau received from Respondent a response
to its June 1, 2016 deficiency letter.

4. On or about July 29, 2016, the Bureau issued Respondent a Notice of Denial of
Application for Renewal of Approval to Operate. On or about September 22, 2016, the Bureau
received a request for an administrative hearing from Respondent.

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JURISDICTION

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

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6. Section 94886 provides:

"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."

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7. Section 94887 provides: 1 "An approval to operate shall be granted only after an applicant has presented sufficient 2 3 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 4 has the capacity to satisfy the minimum operating standards. The bureau shall deny an 5 application for an approval to operate if the application does not satisfy those standards." 6 STATUTORY AND REGULATORY PROVISIONS¹ 7 8. Section 94891 provides, in part: 8 9 (b) To be granted a renewal of an approval to operate, the institution shall demonstrate its 10 continued capacity to meet the minimum operating standards." 11 9. 12 California Code of Regulations, title 5, section 71700 states: "The Bureau may request that an institution document compliance with the standards set 13 forth in the Act and this Division to obtain and maintain an approval to operate." 14 California Code of Regulations, title 5, section 71745 states, in part: 10. 15 "(a) The institution shall document that it has at all times sufficient assets and financial 16 resources to do all of the following: 1718 "(6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the 19 end of the most recent fiscal year when using generally accepted accounting principles, or for an 20 institution participating in Title IV of the federal Higher Education Act of 1965, meet the 21 22 composite score requirements of the U.S. Department of Education. For the purposes of this section, current assets does not include: intangible assets, including goodwill, going concern 23 value, organization expense, startup costs, long-term prepayment of deferred charges, and non-24 returnable deposits, or state or federal grant or loan funds that are not the property of the 25 26 ¹ The California Private Postsecondary Education Act of 2009 was recently amended, effective January 1, 2017. *See* Senate Bill No. 1192. This Statement of Issues is based on the 27 post-amendment version of the Act. 28

1	institution but are held for future disbursement for the benefit of students. Unearned tuition shall	
2	be accounted for in accordance with general accepted accounting principles."	
3	11. California Code of Regulations, title 5, section 74117 states:	
4	"In addition to the requirement in Section 94913(b) of the Code, an institution that	
5	maintains a website shall provide on the homepage of that website clear and conspicuous links to	
6	all the items required in Section 94913(a) of the Code."	
7 8	FIRST CAUSE FOR DENIAL OF APPLICATION (Financial Resources) (Cal. Code Regs., tit. 5, § 71745, subd. (a)(6))	
9	12. Respondent's application is subject to denial because the application does not	
10	demonstrate that Respondent has sufficient assets and financial resources to maintain a ratio of	
11	current assets to current liabilities of 1.25 to 1.00 or greater when using generally accepted	
12	accounting principles. Specifically, the financial statements Respondent offered on or about June	
13	1, 2016, demonstrate that Respondent's ratio of current assets to current liabilities is	
14	approximately 0.93. (Cal. Code Regs., tit. 5, § 71745, subd. (a)(6).).	
15 16	SECOND CAUSE FOR DENIAL OF APPLICATION (Institution Website) (Cal. Code Regs., tit. 5, § 74117)	
17	13. Respondent's application is subject to denial because its institution's website fails to	
18	comply with the links required by the Bureau. (Cal. Code Regs., tit. 5, § 74117.).	
19	PRAYER	
20	WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,	
21	and that following the hearing, the Director of the Department of Consumer Affairs issue a	
22	decision:	
23	1. Denying the application of The Coaches Training Institute for Renewal of Approval	
24	to Operate an Institution Non-Accredited (application number 24797); and;	
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	STATEMENT OF ISSUES (THE COACHES TRAINING INSTITUTE)	

