



CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: Federico College, Inc., Owner
Federico College, Inc.
3117 W. Shaw Ave. St
108 Fresno, CA 93704

INSTITUTION CODE: 1000431
CITATION NUMBER: 2122141
CITATION ISSUANCE/SERVICE DATE: May 26, 2022
DUE DATE: June 25, 2022
FINE AMOUNT: \$5,551.00
ORDER OF ABATEMENT INCLUDED: YES

Christina Villanueva issues this Citation and Order of Abatement (Citation) in her official capacity as Discipline Manager of the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Federico College, Inc., Owner of Federico Career Colleges, Inc., (Institution) located at 3117 W. Shaw Ave. St 108., Fresno, CA 93704, pursuant to California Education Code (CEC) Section 94936 and Title 5 of the California Code of Regulations (5, CCR) Sections 75020, 75030, 75040, and 75050, for the violations described below.

BACKGROUND

On December 14, 2021, Bureau staff conducted an announced Compliance inspection at the Institution. As a result of the inspection, the Institution was unable to clear one minor violation before the end of the inspection. The Institution was issued Notice to Comply #CA 1000431 1221 (NTC). The Institution was given thirty days from the date of the inspection to either remedy the violation listed in the NTC or submit a written Notice of Disagreement. A Notice of Disagreement was not received, and the Institution was unable to clear the violation within thirty days.

Furthermore, during the inspection, Bureau staff reviewed the supporting documentation to substantiate the data reported on the 2018-2019 Student Performance Fact Sheets (SPFS) and found a potential material violation.

In addition, in accordance with CEC Section 94885(a)(6) and (9), and 5, CCR Section 71745(a)(6) an institution shall document that it has at all times sufficient assets and financial resources to do the following:

- 1) For an institution not participating in Title IV of the federal Higher Education Act of 1965 (hereafter Title IV), maintain a ratio of current assets¹ to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles; or
- 2) For an institution participating in Title IV, meet the composite score requirements of the U.S. Department of Education.

According to the Bureau’s records reviewed on or about December 14, 2021, the Institution does not participate in Title IV, therefore it:

- Must maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles.

On December 14, 2021, the Bureau received financial statements for the year ending June 30, 2021, from the Institution. The Institution’s ratio of 0.95 demonstrates that the Institution fails to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater.

Lastly, all institutions are required to submit a Student Tuition Recovery Fund (STRF) Assessment Reporting Form to the Bureau no later than the last day of the month following the close of the quarter.

Pursuant to CEC section 94923(a) The Student Tuition Recovery Fund relieves or mitigates economic loss suffered by a student while enrolled in an institution not exempt from this article pursuant to Article 4 (commencing with section 94874), who, at the time of his or her enrollment, was a California resident or was enrolled in a California residency program, prepaid tuition, and suffered economic loss.

The Bureau sends notifications/reminders to all approved institutions 30 days prior to close of each quarter.

As of May 26, 2022, the Institution has not submitted the STRF Assessment Reporting Forms for the 4th quarter of 2021 and 1st quarter of 2022.

VIOLATION(S)

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p>Violation: CEC Section 94935(b)(h) – Notice to Comply <i>“(b) An institution that receives a notice to comply shall have no more than 30 days from the date of inspection to remedy the noncompliance.</i> <i>(h) If an institution fails to comply with a notice to comply within the prescribed time, the bureau shall take appropriate administrative enforcement action.”</i></p> <p style="color: red;">The Institution failed to comply with the NTC within the prescribed time of 30 days. The institution</p>

¹ Current assets does not include: intangible assets, including goodwill, going concern value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles. 5, CCR Section 71745(a)(6)

was unable to submit proof of compliance with the following laws and regulation:

- 5, CCR Section 71810(a) Website

Order of Abatement:

The Institution shall submit proof of compliance with the violation listed above, which was cited in the NTC.

Assessment of Fine

The fine for this violation is \$501.00.

2.

Violation:

5, CCR Section 74112(m)(3)(4)(5)(6)(7)(8)(9) – Uniform Data – Annual Report, Performance Fact Sheet

“(m) Documentation supporting all data reported shall be maintained electronically by the institution for at least five years from the last time the data was included in either an Annual Report or a Performance Fact Sheet, and shall be provided to the Bureau upon request; and the data for each program shall include at a minimum:

(3) graduate’s place of employment and position, date employment began, date employment ended, if applicable, actual salary, hours per week, and the date employment was verified;

(4) for each employer from which employment or salary information was obtained, the employer name(s) address and general phone number, the contact person at the employer and the contact’s phone number and email address, and all written communication with employer verifying student’s employment or salary;

(5) for students who become self-employed, all documentation necessary to demonstrate self-employment;

(6) a description of all attempts to contact each student. or employer;

(7) any and all documentation used to provide data regarding license examinations and examination results;

(8) for each student determined to be unavailable for graduation or unavailable for employment, the identity of the student, the type of unavailability, the dates of unavailability, and the documentation of the unavailability; and

(9) the name, email address, phone number, and position or title of the institution’s representative who was primarily responsible for obtaining the students’ completion, placement, licensing, and salary and wage data, the date that the information was gathered, and copies of notes, letters or emails through which the information was requested and gathered.”

During the inspection, Bureau staff reviewed the supporting documentation to substantiate the data reported on the 2018-2019 SPFS and found that the following information was missing:

- (m)(3) Graduate’s position, date employment ended, and the date employment was verified;
- (m)(4) Employer’s address and general phone number, the contact person at the employer and the contact’s phone number and email address;
- (m)(5) Documentation necessary to demonstrate self-employment;
- (m)(6) A description of all attempts to contact each student, or employer;
- (m)(7) Any and all documentation used to provide data regarding license examinations and examination results;
- (m)(8) Any and all documentation for students unavailable for graduation or unavailable for employment; the identity of the student, the type of unavailability, the dates of unavailability, and the documentation of the unavailability;

- (m)(9) Position and title of the Institution’s representative who was primarily responsible for obtaining the data, in addition to date information was gathered, and copies of notes, letters or emails through which the information was requested and gathered.

Order of Abatement:

The Bureau orders the Institution to submit the missing documentation (as noted above) to substantiate the data reported on the 2018-2019 SPFS. In addition, the Bureau orders the Institution to submit a written policy, or procedure, of how future compliance will be maintained in accordance with 5, CCR Section 74112.

Assessment of Fine

The fine for this violation is \$5,000.00.

3.

Violation:

CEC Section 94885(a)(6) and (9)- Minimum Operating Standards

“(a) The bureau shall adopt by regulation minimum operating standards for an institution that shall reasonably ensure that all of the following occur: [...]

(6) The institution is financially sound and capable of fulfilling its commitments to students. [...]

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

5, CCR Section 71745(a)(6)- Financial Resources.

“(a) The institution shall document that it has at all times sufficient assets and financial resources to do all of the following: [...]

(6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles, or for an institution participating in Title IV of the federal Higher Education Act of 1965, meet the 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 value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles.”

For the reasons stated above, the institution is in violation of these sections of law.

Order of Abatement:

The Bureau orders the institution to:

1. Submit a detailed plan to address its financial shortfalls and to meet the ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year in accordance with 5, CCR 71745(a)(6).
2. In addition, please provide an explanation of all measures to be taken by the Institution to ensure it meets future financial responsibilities.
3. Please provide the Bureau with, in electronic format:
 - a) a roster of all currently enrolled students that includes the student (1) names, (2) addresses, (3) telephone numbers, (4) email addresses, (5) program in which they are enrolled, (6) date of enrollment, (7) total cost of the program and (8) the total amount the student has paid.

Assessment of Fine

The fine for this violation is \$00.00

5.

Violation:

5, CCR Section 76130 (a-e)- Collection and Submission of Assessments

"(a) A qualifying institution shall collect the assessment from each student in an educational program at the time it collects the first payment from or on behalf of the student at or after enrollment. The assessment shall be collected for the entire period of enrollment, regardless of whether the student pays the institutional charges in increments.

(b) A qualifying institution shall complete the STRF Assessment Reporting Form (Rev. 2/10) and remit it with the STRF assessments collected from students to be received by the Bureau no later than the last day of the month following the close of the quarter as follows:

(1) April 30 for the first quarter,

(2) July 31 for the second quarter,

(3) October 31 for the third quarter, and

(4) January 31 for the fourth quarter. If the due date falls on a Saturday, Sunday or State or federal holiday, the due date shall be extended to the next regular business day for the Bureau.

If the due date falls on a Saturday, Sunday, or State or federal holiday, the due date shall be extended to the next regular business day for the Bureau.

(c) The STRF Assessment Reporting Form shall contain the following information:

(1) Total number of students who signed enrollment agreements for educational programs during the reporting period; and

(2) Total number of students eligible for STRF who signed enrollment agreements for educational programs during the reporting period; and

(3) The total number of students who signed their enrollment agreement during the reporting period, were eligible for STRF, and who made their first payment during the reporting period; and

(4) The total number of students who signed their enrollment agreement in a previous reporting period, were eligible for STRF, and who made their first payment during the current reporting period; and

(5) Total amount of institutional charges after rounding each student's institutional charges to the nearest \$1,000, for all eligible STRF students whose STRF assessment was collected in the reporting period; and

(6) Current contact telephone number of the person preparing the form; and

(7) A declaration dated and signed under penalty of perjury by the person preparing the form that the form and any attachments are true and correct.

(d) In the event of a school closure, any collected assessments shall be remitted to the Bureau within seven days following the cessation of instruction.

(e) Submission of all prior reports and assessments required by this section is a condition of renewal."

The Institution has failed to submit STRF Assessment Reporting Forms for the following quarters:

- **Fourth Quarter of 2021; and**
- **First Quarter of 2022**

On December 22, 2021, the Institution was notified via mail at 5660 North Blackstone Avenue, Fresno, CA 93710, that the STRF Assessment Reporting Form for the 4th quarter of 2021 was due.

On March 10, 2022, was notified via mail at 3117 W. Shaw Ave. St. 108, Fresno CA 93704, that the STRF Assessment Reporting Form for the 4th quarter of 2021 was due. As of May 26, 2022, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

On March 24, 2022, the Institution was notified via mail at 3117 W. Shaw Ave. St. 108, Fresno CA 93704, that the STRF Assessment Reporting Form for the 1st quarter of 2022 was due. As of May 26, 2022, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

	<p><u>Order of Abatement:</u> The Bureau orders that the Institution submit the delinquent STRF Assessment Reporting Forms with the STRF Assessments collected from students for the quarter listed above. The information provided shall comply with "Record Keeping Requirements" Pursuant to 5, CCR section 76140.</p> <p><u>Assessment of Fine</u> The fine for this violation is \$50.00</p>
	<p>TOTAL ADMINISTRATIVE FINE DUE: \$5,551.00</p>

ASSESSMENT OF A FINE

In accordance with CEC section 94936; and 5, CCR sections 75020 and 75030, the Bureau hereby orders this assessment of fine in the amount of **\$5,551.00** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

COMPLIANCE WITH ORDER OF ABATEMENT

In accordance with the provisions of CEC Section 94936 and 5, CCR Section 75020 the Bureau hereby issues the order(s) of abatement described above. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

APPEAL OF CITATION

You have the right to contest this Citation through an informal conference with the Bureau and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference and/or Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference and/or an administrative hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.*

Unless a written request for an informal conference and/or an administrative hearing is signed by you and delivered to the Bureau by **June 25, 2022**, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **May 26, 2022**. Evidence of compliance with the order(s) of abatement shall be due by **June 25, 2022**.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.

Payment of the administrative fine and/or written request for appeal must be mailed to:

Gabriella Perez, Discipline Citation Program
Bureau for Private Postsecondary Education
1747 N. Market Blvd., Suite 225
Sacramento, CA 95834

Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Gabriella Perez, Citation Analyst, at (916) 574-7429 or Gabriella.Perez@dca.ca.gov

“Original Signature on File”

“5/26/2022”

Christina Villanueva
Discipline Manager

Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine – Waiver of Appeal
- Declaration of Service by Certified and First-Class Mail