BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY • GAVIN NEWSOM, GOVERNOR
DEPARTMENT OF CONSUMER AFFAIRS • BUREAU FOR PRIVATE POSTSECONDARY EDUCATION
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CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: Cert Institute of Cosmetology, LLC., Owner
American Beauty College
646 South Sunset Avenue
West Covina, CA 91790

INSTITUTION CODE: 1913061
CITATION NUMBER: 1819112
CITATION ISSUANCE/SERVICE DATE: February 8, 2019
DUE DATE: March 10, 2019
FINE AMOUNT: $ 5,000.00
ORDER OF ABATEMENT INCLUDED: YES

Christina Villanueva issues this Citation: Assessment of Fine 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 Cert Institute of Cosmetology, LLC, Owner of American Beauty College (Institution) located at 646 South Sunset Avenue, West Covina, CA 91790, pursuant to Business and Professions Code Section 125.9; California Education Code (CEC) Section 94936; and Title 5 of the California Code of Regulations (5, CCR) Section 75020 for the violations described below.

BACKGROUND

On December 29, 2017, American Beauty College (Institution) submitted an incomplete 2016 Annual Report. January 26, 2018, notice of incomplete Annual Report submissions were sent to the Institution via regular mail and on February 12, 2018, via certified mail at 646 South Sunset Avenue, West Covina, CA 91790 requesting the following missing documents: 2016 Enrollment Agreement, 2016 Financial Statements, and the School Performance Fact Sheet (SPFS), Catalog, and 2016 Annual Report be posted to the institutions website. On February 1, 2018, the Bureau received a copy of the Institution's enrollment agreement and financial statements.

On February 12, 2018, a second incomplete notice was mailed to the institution at 646 South Sunset Avenue, West Covina, CA 91790, requesting the School Performance Fact Sheet, Catalog, and 2016 Annual Report be posted to the institution's website. As of February 8, 2019, the Bureau has yet to see clear and conspicuous links to the SPFS, Catalog and the 2016 Annual Report posted to the Institution's website, as required in CEC section 94913 (a), and 5, CCR 74117.

According to the Bureau's records reviewed on or about November 19, 2018, the Institution does participate in Title IV, therefore it must meet the composite score requirements of the U.S. Department of Education.

On December 12, 2018, the Bureau received information from the U.S. Department of Education that the Institution has a composite score of -0.8, which is considered by the U.S. Department of Education to not be financially responsible.

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 assets[1] 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.

VIOLATION

#	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.	**Violation:** **CEC Section 94913(a)(1-5)- Institutional Web Site Requirements** (a) An institution that maintains an Internet Web site shall provide on that Internet Web site all of the following: (1) The school catalog. (2) A School Performance Fact Sheet for each educational program offered by the institution. (3) Student brochures offered by the institution. (4) A link to the bureau's Internet Web site. (5) The institution's most recent annual report submitted to the bureau. **5, CCR Section 74117- Websites Requirements** In addition to the requirement in Section 94913(b) of the Code, an institution that maintains a website shall provide on the homepage of that website clear and conspicuous links to all the items required in Section 94913(a) of the Code. The Institution failed to provide clear and conspicuous links to the school catalog, School Performance Fact Sheet (SPFS), brochure (if applicable), the most recent annual report, and a link to the Bureau's web site, on the Institution's website. **Order of Abatement:** The Bureau orders that the Institution update their website to include clear and conspicuous links to the catalog, SPFS, 2016 annual report, and a link to the Bureau's web site, on the Institution's website homepage. The Institution shall provide proof of compliance to the Bureau.

[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)

	Assessment of Fine: The fine for this violation is $5,000.00
2.	**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 composite score and any other requirements set forth by the U.S. Department of Education. 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
	TOTAL ADMINISTRATIVE FINE DUE: $5,000.00

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 **$5,000.00** 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 **March 10, 2019**, 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 **February 8, 2019.** Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **March 10, 2019**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

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:

Gurinder Sandhu, Discipline Citation Program
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

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 Gurinder Sandhu, Citation Analyst, at 916-431-6940 or Gurinder.sandhu@dca.ca.gov.

Christina Villanueva
Discipline Manager

2/8/19

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