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9	BEFOR DEPARTMENT OF CO		
10	FOR THE BUREAU FOR PRIVATE		
10	STATE OF CA	ALIFORNIA	
11			
12	In the Matter of the Accusation Against:	Case No. BPPE21-384	
13	SOUTH BAY MASSAGE COLLEGE, KEVIN DOBALIAN, Owner		
14	120-B South Sepulveda Boulevard Manhattan Beach, CA 90266	ACCUSATION	
15	Mailing Address:		
16 17	120 South Sepulveda Boulevard, Suite B Manhattan Beach, CA 90266		
	Approval to Operate Institution Code		
18 19	Number 1936381 Respondent.		
20			
21	PART	TIES	
22	Deborah Cochrane (Complainant) brit	ngs this Accusation solely in her official	
23	capacity as the Chief of the Bureau for Private Pos	stsecondary Education ("Bureau"), Department	
24	of Consumer Affairs.		
25	2. On or about February 27, 1998, the Bureau issued an Approval to Operate an		
26	Institution Code Number 1936381 to South Bay Massage College with Kevin Dobalian, as sole		
27	owner ("Respondent"). The Approval to Operate was in full force and effect at all times relevant		
28	to the charges brought herein and will expire on February 27, 2024, unless renewed.		
		1	

JURISDICTION

- 3. This Accusation is brought before the Director of the Department of Consumer Affairs ("Director") for the Bureau, under the authority of the following laws. All section references are to the Education Code unless otherwise indicated.
- 4. Section 118, subdivision (b) of the Business and Professions Code provides that the suspension, expiration, surrender, cancellation of a license shall not deprive the Director of jurisdiction to proceed with a disciplinary action during the period within which the license may be renewed, restored, reissued or reinstated.
 - 5. Section 94933 of the Code states:

"The bureau shall provide an institution with the opportunity to remedy noncompliance, impose fines, place the institution on probation, or suspend or revoke the institution's approval to operate, in accordance with this article, as it deems appropriate based on the severity of an institution's violations of this chapter, and the harm caused to students."

- 6. Section 94937 of the Code states, in pertinent part:
- "(a) As a consequence of an investigation, which may incorporate any materials obtained or produced in connection with a compliance inspection, and upon a finding that an institution has committed a violation, the bureau may place an institution on probation or may suspend or revoke an institution's approval to operate for:

. . . .

"(2) A material violation or repeated violations of this chapter or regulations adopted pursuant to this chapter that have resulted, or may result, in harm to students. For purposes of this paragraph, "material violation" includes, but is not limited to, misrepresentation, fraud in the inducement of a contract, and false or misleading claims or advertising, upon which a student reasonably relied in executing an enrollment agreement and that resulted, or may result, in harm to the student."

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- 7. California Code of Regulations, title 5, section 75100:
- "(a) The Bureau may suspend, revoke or place on probation with terms and conditions an approval to operate.
- "(b) 'Material violation' as used in section 94937 of the Code includes committing any act that would be grounds for denial under section 480 of the Business and Professions Code.
- "(c) The proceedings under this section shall be conducted in accordance with Article 10 (commencing with Section 11445.10) of Chapter 4.5 or Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, as requested by the institution."
 - 8. California Code of Regulations, title 5, section 75150 states, in pertinent part:
- "(d) To the extent practicable and to the extent that prior notice will not increase the likelihood of immediate danger to the public health, safety, or welfare, the Bureau shall, not less than 48-hours prior to the effective date of the emergency decision, give notice of an emergency decision to a person listed in section 71130(a) or 71135. Such notice may be given personally, by telephone, email, fax, or mail, and shall inform the person of the emergency decision and its effective date; the manner in which the person may request an opportunity to be heard before the Director, or his or her designee, prior to the effective date of the emergency decision; the right to judicial review of the decision; and the process by which the decision may be resolved pursuant to section 75100(c) and section 11460.60 of the Government Code."

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- 9. Section 11460.50 of the Government Code states:
- "(a) The agency shall issue an emergency decision, including a brief explanation of the factual and legal basis and reasons for the emergency decision, to justify the determination of an immediate danger and the agency's emergency decision to take the specific action.
- "(b) The agency shall give notice to the extent practicable to the person to which the agency action is directed. The emergency decision is effective when issued or as provided in the decision."

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1	"(3) Any other record or document required by this chapter or by the bureau."	
2	• • • •	
3	14. Section 94902 of the Code states, in pertinent part:	
4		
5	"(b) An enrollment agreement is not enforceable unless all of the following requirements	
6	are met:	
7	"(1) The student has received the institution's catalog and School Performance Fact	
8	Sheet prior to signing the enrollment agreement."	
9		
10	"(c) A student shall receive a copy of the signed enrollment agreement, in writing or	
11	electronically, regardless of whether total charges are paid by the student."	
12	15. Section 94906 of the Code states:	
13	"(a) An enrollment agreement shall be written in language that is easily understood. If	
14	English is not the student's primary language, and the student is unable to understand the terms	
15	and conditions of the enrollment agreement, the student shall have the right to obtain a clear	
16	explanation of the terms and conditions and all cancellation and refund policies in his or her	
17	primary language.	
18	"(b) If the recruitment leading to enrollment was conducted in a language other than	
19	English, the enrollment agreement, disclosures, and statements shall be in that language."	
20	16. Section 94910 of the Code states:	
21	"Except as provided in subdivision (d) of Section 94909 and Section 94910.5, prior to	
22	enrollment, an institution shall provide a prospective student with a School Performance Fact	
23	Sheet containing, at a minimum, the following information, as it relates to the educational	
24	program:	
25		
26	"(b) Placement rates, as calculated pursuant to Article 16 (commencing with Section	
27	94928), if the educational program is designed to lead to, or the institution makes any express or	
-		

1	implied claim related to preparing students for, a recognized career, occupation, vocation, job, or	
2	job title.	
3	••••	
4	"(d) Salary or wage information, as calculated pursuant to Article 16 (commencing with	
5	Section 94928)."	
6		
7	REGULATORY PROVISIONS	
8	17. California Code of Regulations, title 5, section 71230 states:	
9	"If the institution offers an educational program, or a portion of it, in a language other than	
10	English, the Form Application 94886 shall contain a description of all of the following for each	
11	educational program or portion thereof.	
12	"(a) The language in which each educational program will be offered.	
13	"(b) A statement that the institution has contracted with sufficient duly qualified faculty	
14	who will teach each language group of students.	
15	"(c) The language of the textbooks and other written materials to be used by each language	
16	group of students."	
17	18. California Code of Regulations, title 5, section 71600 states, in pertinent part:	
18	"(a) An institution seeking to make a significant change in its method of instructional	
19	delivery shall complete the "Significant Change in Method of Instructional Delivery" form (INS	
20	rev. 2/10) to obtain prior authorization. For the purposes of this section a "significant change in	
21	instructional delivery" is any change that alters the way students interact with faculty or access	
22	significant equipment. The form shall be submitted to the Bureau along with the appropriate fee	
23	as provided in Section 94930.5(c) of the Code. For an institution approved under section 94885 of	
24	the Code, it shall be signed and dated by the signatory(ies) required by section 71380, and for an	
25	institution approved under section 94890 of the Code, it shall be signed and dated by the	
26	signatory(ies) required by section 71390, and each fact stated therein and each attachment thereto	
27	shall be declared to be true under penalty of perjury, in the following form:	

1	"I declare under penalty of perjury under the laws of the State of California that the		
2	foregoing and all attachments are true and correct."		
3			
4	(Date) (Signature)		
5	••••		
6	19. California Code of Regulations, title 5, section 71650 states, in pertinent part:		
7	"(a) An institution seeking to change its educational objectives shall complete the "Change		
8	in Educational Objectives" form (OBJ rev. 2/10) to obtain prior authorization. The form shall be		
9	submitted to the Bureau along with the appropriate fee as provided in Section 94930.5(c) of the		
10	Code. For an institution approved under section 94885 of the Code it shall be signed and dated by		
11	the signatory(ies) required by section 71380, and for an instituion [sic] approved under section		
12	94890 of the Code it shall be signed and dated by the signatory(ies) required by section 71390,		
13	and each fact stated therein and each attachment thereto shall be declared to be true under penalty		
14	of perjury, in the following form:		
15	"I declare under penalty of perjury under the laws of the State of California that the		
16	foregoing and all attachments are true and correct."		
17	(Date)		
18	(Signature)		
19			
20	20. California Code of Regulations, title 5, section 71715 states, in pertinent part:		
21			
22	"(c) Direct instruction requires the physical presence of one or more students and one or		
23	more faculty members at the same location. Direct instruction includes instruction presented in a		
24	classroom, seminar, workshop, lecture, colloquium, laboratory, tutorial, or other physical learning		
25	settings consistent with the mission, purposes, and objectives of the institution."		
26			
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. . . .

- "(3) The institution has personnel scheduled to be present at all times during normal business hours who know how to operate the devices and can explain the operation of the devices to any person authorized by the Act to inspect and copy records;[.]"
 - 25. California Code of Regulations, title 5, section 74112 states, in pertinent part:
- "(a) Format. The format for the Performance Fact Sheet shall be in at least 12 pt. type, in an easily readable font, with 1.15 line spacing and all titles and column headings shall be in bold 14 pt. type, which shall also identify the program for which the Performance Fact Sheet pertains. The Performance Fact Sheet shall contain all and only the information required or specifically permitted by sections 94910 and 94929.5 of the Code or this chapter. A separate Performance Fact Sheet shall be prepared for each program."
- "(b) An institution offering educational programs that are too new to provide the required two years of data shall include the date the program began as well as the statement required by section 94910(e) of the Code. The Performance Fact Sheet shall also disclose the estimated date of availability for two full years of data for those programs."

. . . .

"(e) Reporting periods:

. . .

"(2) A Performance Fact Sheet shall be current and available not later than December 1st, and shall report data for the previous two calendar years based upon the "number of students who began the program," as defined in subdivision (d)(1) of this section and were scheduled to graduate in the reported year(s).

. . . .

"(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; the data for each program shall include at a minimum:

- 1			
1	"(2) student name(s), address, phone number, email address, program completed,		
2	program start date, scheduled completion date, and actual completion date;"		
3			
4	26. California Code of Regulations, title 5, section 76140 states, in pertinent part:		
5	"(a) A qualifying institution shall collect and maintain records of student information to		
6	substantiate the data reported on the STRF Assessment Reporting Form and records of the		
7	students' eligibility under the Fund. Such records shall include the following for each student:		
8 9 10	 (1) Student identification number, (2) First and last names, (3) Email address, (4) Local or mailing address, (5) Address at the time of enrollment, (6) Home address, 		
11	 (7) Date enrollment agreement signed, (8) Courses and course costs, (9) Amount of STRF assessment collected, 		
12 13	(10) Quarter in which the STRF assessment was remitted to the Bureau, (11) Third-party payer identifying information, (12) Total institutional charges charged, and		
14	(13) Total institutional charges paid.		
15	"(b) The qualifying institution shall maintain the data required under this section in an		
16	electronic format that is readily available and open to inspection by the Bureau upon request. Th		
17	institution shall make the records immediately available to a Bureau representative conducting a		
18	site inspection or, upon written request, shall provide a copy within 14 calendar days of the		
19	request. All records shall be provided to the Bureau in an intelligible and orderly manner and in		
20	an electronic format."		
21	<u>COST RECOVERY</u>		
22	27. Code section 94937 states, in pertinent part:		
23	"(c) The bureau may seek reimbursement pursuant to Section 125.3 of the Business and		
24	Professions Code.		
25			
26	"(d) An institution shall not be required to pay the cost of investigation to more than one		
27	agency."		
28			

28. Section 125.3 of the Business and Professions Code provides, in pertinent part, that the Board may request the administrative law judge to direct a licentiate found to have committed a violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case, with failure of the licentiate to comply subjecting the license to not being renewed or reinstated. If a case settles, recovery of investigation and enforcement costs may be included in a stipulated settlement.

FACTUAL BACKGROUND

- 29. On or about May 2021 through August 2021, the Bureau received 19 complaints from students alleging that South Bay Massage College located at 120-B South Sepulveda Blvd., Manhattan Beach, California 90266 failed to uphold their promises and representations upon enrollment. Following receipt of the complaints, the Bureau opened an investigation.
- 30. A Bureau investigation subsequently revealed that owner Kevin Dobalian and his wife Lin Shu, who is an employee at the school, falsely misrepresented to students that they would receive certificates from the California Massage Therapy Counsel after they completed the 500-hour Massage Therapy program at South Bay Massage College. Students paid approximately \$6,000.00 for tuition to the program. However, multiple students that paid their tuition and completed the program were denied certifications from the California Massage Therapy Counsel, which limited the students' employment opportunities in their field.
- 31. The investigation further revealed that Respondent was offering classes in Chinese without Bureau approval as required. Additionally, Respondent changed student credit hours without Bureau approval as required. Specifically, students would attend class for 3 hours a day and receive credit for 8 hours, without prior Bureau authorization.
- 32. On or around January 12, 2022, a Bureau investigator conducted an announced site visit to South Bay Massage College and found that the school was closed. By telephone, the investigator was informed by Ms. Shu that Respondent had been hospitalized and that no one was managing the operations at the school. Due to Respondent's absence, the investigator was unable to review any documents.

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- 33. In another announced site visit at South Bay Massage College on or around February 15, 2022, the investigator met with Respondent, Ms. Shu, and two staff members. The investigator requested and reviewed documents, including student and instructor files, transcripts, Student Performance Fact Sheets, and attendance sheets. During this visit, Respondent was unable to produce multiple documents that were requested. Following the inspection, the Bureau determined that Respondent was in violation of numerous provisions of the Education Code.
- 34. On June 29, 2022, the Bureau issued Respondent a Notice of Emergency Decision, pursuant to California Code of Regulations, title 5, section 75150, subdivision (d) and Government Code section 11460.50. This Notice informed Respondent that, effective at the close of business on July 6, 2022, Respondent was required to cease enrollment of any new students in all Institutional programs, cease all instruction in all Institutional programs, and cease the collection of tuition and fees for all Institutional programs. On June 30, 2022, Respondent timely appealed the Emergency Decision. Therefore, the Emergency Decision Order shall not take effect until the conclusion of the hearing and upon issuance of a written decision, which is pending.

FIRST CAUSE FOR DISCIPLINE

(Making Substantive Changes without Prior Authorization)

- 35. Respondent is subject to disciplinary action under Code sections 94893, 94894, subdivision (g), and 94937, subdivision (a)(2) and California Code of Regulations, title 5, sections 71600, subdivision (a), 71650 and 71230 in that Respondent made substantive changes to its approval to operate without obtaining prior authorization as required. The circumstances are as follows:
- 36. Respondent changed a method of instructional delivery when it offered classes in Chinese even though it was only authorized to offer classes in English. Respondent offered, advertised, and hired staff to teach classes in Chinese, without prior Bureau approval.
- 37. Additionally, Respondent changed a method of instructional delivery when it changed student credit hours without prior Bureau notification or approval. Specifically, students would attend class for 3 hours a day and receive credit for 8 hours, without prior Bureau authorization.

Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

SECOND CAUSE FOR DISCIPLINE

(Violation of Requirements to Provide Documents in Students' Primary Language)

- 38. Respondent is subject to disciplinary action under Code sections 94906, subdivisions (a) and (b) and 94937, subdivision (a)(2) and California Code of Regulations, title 5, section 75100, as follows:
- (a) Respondent violated Code section 94906, subdivision (a) in that student files that the investigator examined revealed that enrollment agreements were completed in English when the students had very limited or no English vocabulary skills and their primary language was determined to be Chinese. There was no evidence that the students had been provided a clear explanation of the terms and conditions of the enrollment agreements, cancellation and refund policies in their primary language.
- (b) Respondent violated Code section 94906, subdivision (b) in that Respondent recruited students by speaking to them in Chinese; hence the enrollment agreements, disclosures, and other statements should have been in Chinese. The student files that the investigator examined revealed that the enrollment agreements, disclosures, and statements were in fact provided in English. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

THIRD CAUSE FOR DISCIPLINE

(Violation of General Enrollment Requirements)

- 39. Respondent is subject to disciplinary action under Code sections 94902, subdivisions (b)(1) and (c) and 94937, subdivision (a)(2) and California Code of Regulations, title 5, section 75100, as follows:
- (a) Respondent violated Code section 94902, subdivision (b)(1) in that student files that the investigator examined revealed that students did not receive a current school catalog or a current Student Performance Fact Sheet prior to signing the enrollment agreement.

(b) Respondent violated Code section 94902, subdivision (c) in that students did not receive a copy of their signed enrollment agreement. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

FOURTH CAUSE FOR DISCIPLINE

(Engaging in Prohibited Business Practices)

- 40. Respondent is subject to disciplinary action under Code sections 94897, subdivision (j) and 94937, subdivision (a)(2) and California Code of Regulations, title 5, section 75100, in that Respondent made untrue and misleading statements to students. The circumstances are as follows:
- 41. Respondent informed students that they could attend 3 hours of class, but obtain 8 hours of class credit, which resulted in multiple students receiving school certificates without completing the required 500 hours.
- 42. Respondent made false promises and misrepresentations to students that they would receive certificates from the California Massage Therapy Counsel after they completed the school's 500-hour program. In fact, multiple students applied for certification with the California Massage Therapy Counsel and were denied. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

FIFTH CAUSE FOR DISCIPLINE

(Violation of Administration Requirements)

43. Respondent is subject to disciplinary action under Code sections 94885, subdivision (a)(5) and 94937, subdivision (a)(2) and California Code of Regulations, title 5, sections 75100 and 71730, subdivision (f), in that Respondent failed to employ administrative personnel who have the expertise to ensure the achievement of Respondent's mission and objectives and the operation of the educational programs. Mr. Dobalian is the sole owner and the only individual designated over all operations of South Bay Massage College. However, during the course of the investigation, the investigator observed that Mr. Dobalian was unintelligible in telephone conversations. It was discovered that Mr. Dobalian was hospitalized for long periods of time over the past several years with no one with expertise or knowledge managing the operations of the

school in his absence. In an announced site visit in February, 2022, the investigator noted that Mr. Dobalian appeared unkempt and was inarticulate. As a result, there is no person competent to manage the operations of the school. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

SIXTH CAUSE FOR DISCIPLINE

(Violation of Maintenance of Records)

44. Respondent is subject to disciplinary action under Code section 94937, subdivision (a)(2) and California Code of Regulations, title 5, sections 75100 and 71930, subdivision (c)(3), for failing to have personnel scheduled to be present at all times during normal business hours who know how to operate the devices on which records were stored and can explain the operation of the devices to Bureau investigators. During the course of the investigation, it was discovered that personnel were not consistently present to manage the operations at South Bay Massage College during normal business hours. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

SEVENTH CAUSE FOR DISCIPLINE

(Violation of Faculty Requirements)

45. Respondent is subject to disciplinary action under Code section 94937, subdivision (a)(2) and California Code of Regulations, title 5, sections 75100 and 71720, subdivision (b)(2), for failing to ensure that its instructors completed continuing education courses. The investigator's examination of the instructor files revealed that there was no documentation showing completion of continuing education courses relating to four instructors who taught at the school. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

EIGHTH CAUSE FOR DISCIPLINE

(Violation of Instruction Requirements)

46. Respondent is subject to disciplinary action under Code section 94937, subdivision (a)(2) and California Code of Regulations, title 5, sections 75100 and 71715, subdivision (c), for failing to have one or more faculty members present at the same location with one or more

ELEVENTH CAUSE FOR DISCIPLINE

(Violation of Annual Report and Performance Fact Sheet Requirements)

- 49. Respondent is subject to disciplinary action under Code section 94937, subdivision (a)(2) and California Code of Regulations, title 5, section 75100 and 74112, subdivisions (a), (b), (e)(2), and (m)(2), as follows:
- (a) Respondent violated California Code of Regulations, title 5, section 74112, subdivisions (a) and (b) in that electronic records were not maintained to substantiate the information reported on its Quarterly Student Tuition Recovery Fund Assessment Reporting Form for the 2nd and 3rd quarters of 2021.
- (b) Respondent violated California Code of Regulations, title 5, section 74112, subdivision (e)(2) in that School Performance Fact Sheets were not maintained for the past two calendar years.
- (c) Respondent violated California Code of Regulations, title 5, section 74112, subdivision (m)(2) in that School Performance Fact Sheet back-up data did not include the students' scheduled completion dates. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

TWELFTH CAUSE FOR DISCIPLINE

(Violation of Student Records Requirements)

50. Respondent is subject to disciplinary action under Code section 94937, subdivision (a)(2) and California Code of Regulations, title 5, sections 75100 and 71920, subdivision (b)(10) in that student files did not have documentation that students were provided refunds after they had withdrawn from the school. Complainant refers to, and by this reference incorporates, the allegations set forth above in paragraphs 29-34, as though set forth fully herein.

PRAYER

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

1	1. Revoking or suspending the Approval to Operate Institution Code Number 1936381,	
2	issued to South Bay Massage College with Kevin Dobalian as owner;	
3	2. Ordering South Bay N	Massage College and Kevin Dobalian to pay the Bureau for
4	Private Postsecondary Education t	the reasonable costs of the investigation and enforcement of this
5	case, pursuant to Business and Professions Code section 125.3; and,	
6	3. Taking such other and further action as deemed necessary and proper.	
7		
8		
9	DATED: <u>"7/7/2022"</u>	"Original signature on file" DEBORAH COCHRANE
10		Chief Bureau for Private Postsecondary
11		Education Department of Consumer Affairs
12		State of California
13	Complainant	
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(SOUTH BAY MASSAGE COLLEGE; KEVIN DOBALIAN, OWNER) ACCUSATION