



## **CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT**

To: Mihail Badica, Owner  
College of Nursing and Technology  
18700 Sherman Way, Suite 203  
Reseda, CA 91335

**INSTITUTION CODE: 55199040**  
**CITATION NUMBER: 2021112**  
**CITATION ISSUANCE/SERVICE DATE: October 8, 2020**  
**DUE DATE: November 7, 2020**  
**FINE AMOUNT: \$ 50.00**  
**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 Mihail Badica, Owner of College of Nursing and Technology (Institution) located at, 18700 Sherman Way, Suite 203, Reseda, CA 91335, 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 October 9, 2019, Bureau staff investigated a complaint submitted to the Bureau and reviewed documentation pertaining to the Institutions financial status, particularly the current assets to current liabilities for calendar years 2017 and 2018 and found material violations related to the data reported.

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<sup>1</sup> 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

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<sup>1</sup> 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)

- 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 the Institution does participate in Title IV, therefore it must meet the composite score requirements of the U.S. Department of Education.

On March 12, 2020, the Bureau received financial statements for the year ending December 31, 2018. The Institution’s composite score of 1.09 demonstrates that the Institution fails to maintain a composite score of 1.50 or higher. Furthermore, the Bureau reviewed financial statements for the year ending December 31, 2017 and found that the Institution’s composite score of 1.18 demonstrates that the Institution fails to maintain a composite score of 1.50 or higher

In addition, 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 October 8, 2020, the Institution has not submitted the STRF Assessment Reporting Forms for the 2<sup>nd</sup> and 4<sup>th</sup> quarters of 2016, and 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2020.

Furthermore, on April 22, 2020, the Bureau issued Citation #1920290 to the Institution for failing to submit the required Student Tuition Recover Fund (STRF) Assessment Reporting Forms for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2019, and failing to submit its late payment penalty fee for calendar year 2017. As of October 8, 2020, the citation remains outstanding.

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><b>Violation:</b>  <b>CEC Section 94885(a)(6) and (9) – Minimum Operating Standards</b>  <i>“(a) The bureau shall adopt by regulation minimum operating standards for an institution that shall reasonably ensure that all of the following occur: [...]</i>  <i>(6) The institution is financially sound and capable of fulfilling its commitments to students. [...]</i>  <i>(9) The institution is maintained and operated in compliance with this chapter and all other applicable ordinances and laws.”</i></p> <p><b>5, CCR Section 71745(a)(6) – Financial Resources.</b>  <i>“(a) The institution shall document that it has at all times sufficient assets and financial resources to do all of the following: [...]</i></p>

*(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.”*

**5, CCR Section 74115(b)(3)(4) – Financial Statements**

*“(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income statement, and a cash flow statement, and the preparation of financial statements, shall comply with all of the following:*

*(3) The financial statements shall establish that the institution meets the requirements for financial resources required by Section 71745. (4) If an audit performed to determine compliance with any federal or state student financial aid program reveals any failure to comply with the requirements of the program and the noncompliance creates any liability or potential liability for the institution, the financial statements shall reflect the liability or potential liability.”*

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 section 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

2. **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.”

As of October 8, 2020, the Bureau has not received the following STRF Assessment Reporting Forms from the Institution:

- Second and Fourth Quarters of 2016; and
- First and Second Quarters of 2020.

**Order of Abatement:**

The Bureau orders that the Institution submit the delinquent STRF Assessment Reporting Forms with the STRF Assessments collected from students for the quarters listed above. The information provided shall comply with “Record Keeping Requirements” Pursuant to 5, CCR section 76140.

**Assessment of Fine**

The fine for this violation is \$50.00

**TOTAL ADMINISTRATIVE FINE DUE: \$50.00**

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 **\$50.00** 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 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 November 7, 2020, 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 **October 8, 2020**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **November 7, 2020**. 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:**

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) 574-8969 or [Gabriella.Perez@dca.ca.gov](mailto:Gabriella.Perez@dca.ca.gov).

"Original signature on file"

"10/8/2020"

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**Christina Villanueva**  
**Discipline Manager**

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**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