



Bureau for Private Postsecondary Education
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CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: Employed Security Service Center, Inc., Owner
Employed Security Service Center, Inc.
3200 Spring St. 2nd Floor Suite #3292
Long Beach, CA 91106

INSTITUTION CODE: 35079813

CITATION NUMBER: 2021114

CITATION ISSUANCE/SERVICE DATE: October 8, 2020

DUE DATE: November 7, 2020

FINE AMOUNT: \$ 4,550.00

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 Employed Security Service Center, Inc., Owner of Employed Security Service Center, Inc. (Institution) located at 3200 Spring St. 2nd Floor Suite #3292, Long Beach, CA 91106, pursuant to Business and Professions Code section 125.9; California Education Code (CEC) sections 94936 and 94932; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violations described below.

BACKGROUND

On February 6, 2020, Bureau staff conducted an Announced Compliance Inspection at the Institution. During the inspection, Bureau staff found that the Institution had not been collecting evidence of high school completion or its equivalence, or an Ability-to-Benefit (ATB) Test as a part of the enrollment process.

Additionally, Bureau staff found that withdrawn student files failed to contain important documentation such as completed Enrollment Agreements, correctly signed Student Performance Fact Sheets (SPFS), and documentation showing the amount of money received from or refunded to students.

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 Form for the 2nd quarter of 2017, and the 1st and 2nd quarters of 2020.

All institutions are also required to pay annual fee within 30 days of the date on which the Institution originally receives its approval to operate and each year thereafter on the anniversary of the date of the original approval. An institution shall pay its annual fee in addition to any other applicable fees.

Pursuant to CEC section 94930.5 (g). effective July 1, 2018, the annual fee for each campus described in subparagraphs (A) and (B) of paragraph (1) of subdivision (d) shall be in an amount equal to 0.55 percent of that campus' total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000) for each campus.

As of October 8, 2020, the Bureau has not received the annual fee nor the late payment penalty fee for the 2020 calendar year from the Institution.

Lastly, 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 March 6, 2020, 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.

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)

The Bureau reviewed the Institution’s financial statements for the year ending December 31, 2018. The Institution’s ratio of 0.57 to 1.00, demonstrates that the Institution fails to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater.

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.	<p><u>Violation:</u> CEC 94911(b)(c) – Minimum Requirements for Enrollment Agreements <i>“An enrollment agreement shall include, at a minimum, all of the following: (b) A schedule of total charges, including a list of any charges that are nonrefundable and the student’s obligations to the Student Tuition Recovery Fund, clearly identified as nonrefundable charges. (c) In underlined capital letters on the same page of the enrollment agreement in which the student’s signature is required, the total charges for the current period of attendance, the estimated total charges for the entire educational program, and the total charges the student is obligated to pay upon enrollment.”</i></p> <p style="color: red;">On February 6, 2020, Bureau staff conducted an Announced Compliance Inspection. Bureau staff found withdrawn student files that were reviewed contained Enrollment Agreements that had the following areas left blank:</p> <ul style="list-style-type: none"> • Schedule of total charges; • Total charges for the current period of attendance; • The estimated total charges for the entire educational program; and • The total charges the student is obligated to pay upon enrollment. <p style="color: red;">The Enrollment Agreements failed to contain all the information required by CEC section 94911.</p> <p><u>Order of Abatement:</u> The Bureau orders the Institution to provide completed Enrollment Agreements to students prior to allowing students to sign. The Institution shall submit to the Bureau a written policy, or procedure, of how future compliance with CEC section 94911 (b)(c) will be maintained.</p> <p><u>Assessment of Fine</u> The fine for this violation is <u>\$500.00</u></p>
2.	<p><u>Violation:</u> 5, CCR 71920 (a)(b)(1)(A)– Student Records <i>“(a) The institution shall maintain a file for each student who enrolls in the institution whether or not the student completes the educational service. (b) In addition to the requirements of section 94900, the file shall contain all of the following pertinent student records: (1) Written records and transcripts of any formal education or training, testing, or experience that are relevant to the student’s qualifications for admission to the institution or the institution’s award of credit or acceptance of transfer credits including the following: (A) Verification of high school completion or equivalency or other documentation establishing the student’s ability to do college level work, such as successful completion of an ability-to-benefit test;”</i></p> <p>5, CCR 71770 (a)(1) – Admissions Standards and Transferred Credits Policy</p>

*“(a) The institution shall establish specific written standards for student admissions for each educational program. These standards shall be related to the particular educational program. An institution shall not admit any student who is obviously unqualified or who does not appear to have a reasonable prospect of completing the program. In addition to any specific standards for an educational program, the admissions standards must specify as applicable that:
(1) Each student admitted to an undergraduate degree program, or a diploma program, shall possess a high school diploma or its equivalent, or otherwise successfully take and pass the relevant examination as required by section 94904 of the Code.”*

Bureau staff reviewed student files and found that the files failed to include verification of high school completion, equivalency, or other documentation establishing the student’s ability to do college level work, such as a successful completion of an Ability to Benefit (ATB) test. The Institution representative admitted they had not been collecting the documentation as a part of the enrollment process.

Order of Abatement:

The Bureau orders the Institution collect and maintain evidence of verification of high school completion or equivalency or other documentation establishing the student’s ability to do college level work, such as successful completion of an ability-to-benefit test within the student files. The Institution shall submit a written policy, or procedure, of how future compliance with 5, CCR section 71920 (a)(b)(1)(A) and 5, CCR section 71770 (a)(1) will be maintained.

Assessment of Fine

The fine for this violation is \$1,500.00

3. **Violation:**

5, CCR 71920 (a)(b)(9)(10) – Student Records

*“(a) The institution shall maintain a file for each student who enrolls in the institution whether or not the student completes the educational service.
(b) In addition to the requirements of section 94900, the file shall contain all of the following pertinent student records:
(9) A document showing the total amount of money received from or on behalf of the student and the date or dates on which the money was received;
(10) A document specifying the amount of a refund, including the amount refunded for tuition and the amount for other itemized charges, the method of calculating the refund, the date the refund was made, and the name and address of the person or entity to which the refund was sent;”*

Bureau staff determined that withdrawn student files that were reviewed failed to contain documentation showing the total amount of money received from or on behalf of the student and the date or dates on which money was received.

The withdrawn student files also failed to contain documentation specifying the amount of a refund, if one was due, and how the refund amount was calculated.

Order of Abatement:

The Bureau orders the Institution collect and maintain documentation showing the total amount of money received from or on behalf of the student and the date or dates on which money was received as well as maintain documentation specifying the amount of a refund if one was due and how the refund amount was calculated . The Institution shall submit a written policy, or procedure, of how future compliance with 5, CCR section 71920 (a)(b)(9)(10) will be maintained.

	<p>Assessment of Fine The fine for this violation is <u>\$2,000.00</u></p>
4.	<p>Violation: CEC 94902 (a)(b)(1) – General Enrollment Requirements <i>“(a) A student shall enroll solely by means of executing an enrollment agreement. The enrollment agreement shall be signed by the student and by an authorized employee of the institution. (b) An enrollment agreement is not enforceable unless all of the following requirements are met: (1) The student has received the institution’s catalog and School Performance Fact Sheet prior to signing the enrollment agreement.”</i></p> <p>Bureau staff determined that withdrawn student files that were reviewed contained outdated SPFS. One student that was enrolled in 2018 signed the 2015/2016 SPFS when the student should have signed the 2016/2017 SPFS. Other students that were enrolled in 2019 signed the 2015/2016 SPFS when the students should have signed the 2017/2018 SPFS.</p> <p>Order of Abatement: The Bureau orders the Institution to provide current SPFS to students prior to obtaining student signatures. The Institution shall submit a written policy, or procedure, of how future compliance with CEC section 94902 (a)(b)(1) will be maintained.</p> <p>Assessment of Fine The fine for this violation is <u>\$500.00</u></p>
5.	<p>Violation: 5, CCR Section 76130 (a-e)- Collection and Submission of Assessments <i>“(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</i></p>

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 Form for the following quarters:

- 2nd Quarter of 2017; and
- 1st and 2nd Quarters of 2020

On June 29, 2017, the Institution was notified via mail at, 3200 Spring St. 2nd Floor Suite #3292, Long Beach, CA 91106, that the STRF Assessment Reporting Form for the 2nd quarter of 2017 was due. As of October 8, 2020, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

On March 24, 2020, the Institution was notified via mail at, 3200 Spring St. 2nd Floor Suite #3292, Long Beach, CA 91106, that the STRF Assessment Reporting Form for the 1st quarter of 2020 was due. As of October 8, 2020, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

On June 18, 2020, the Institution was notified via mail at, 3200 Spring St. 2nd Floor Suite #3292, Long Beach, CA 91106, that the STRF Assessment Reporting Form for the 2nd quarter of 2020 was due. As of October 8, 2020, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

Order of Abatement:

The Bureau orders that the Institution submit the delinquent STRF Assessment Reporting Form 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

6. **Violation:**

5, CCR Section 74006(a) and (b) - Annual Fee

“(a) An institution's annual fee is due within 30 days of the date on which the institution originally receives its approval to operate and each year thereafter on the anniversary of the date of the original approval. (b) An institution shall pay its annual fee in addition to any other applicable fees.”

CEC Section 94930.5 (g)- Fee Schedule

“(g) Notwithstanding subdivision (d), effective July 1, 2018, the annual fee for each campus described in subparagraphs (A) and (B) of paragraph (1) of subdivision (d) shall be in an amount equal to 0.55 percent of that campus' total gross revenue derived from students in California, but not to be less than two thousand five hundred dollars (\$2,500) and not to exceed sixty thousand dollars (\$60,000) for each campus.”

CEC Section 94931(b)- Late Payment

“(b) A fee that is not paid on or before the 90th calendar day after the due date for payment of the fee

shall be subject to a 35 percent late payment penalty fee.”

2020 Annual Fee and Late Payment Penalty Fee

The Institution has failed to pay its annual fee and late payment penalty fee for calendar year 2020.

On April 1, 2020, the Institution was notified, Invoice # 900349341, via mail at 3200 Spring St. 2nd Floor Suite #3292, Long Beach, CA 91106, stating that the annual fee for calendar year 2020 was due on May 01, 2020.

On June 16, 2020, the 1st Delinquency Notice (Invoice # 900350178), was sent via mail at 3200 Spring St. 2nd Floor Suite #3292, Long Beach, CA 91106, stating that the annual fee for calendar year 2020 was due on May 01, 2020.

On August 17, 2020, the 2nd Delinquency Notice (Invoice # 900350178) was sent via mail at 3200 Spring St. 2nd Floor Suite #3292, Long Beach, CA 91106, stating that the annual fee for calendar year 2020 was due on May 01, 2020.

As of October 8, 2020, the Bureau has not received the annual fee nor the late payment penalty fee from the Institution.

Order of Abatement:

The Bureau orders the Institution to submit its annual fees for calendar year 2020 in accordance with 5, CCR section 74006(a)(b) and CEC section 94930.5(g). In addition, the Institution must pay all late payment penalty fees.

Assessment of Fine

The fine for this violation is \$00.00

7. **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 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

TOTAL ADMINISTRATIVE FINE DUE: \$4,550.00

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 **\$4,550.00** 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 **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:

Nicole Mitchell, 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 Nicole Mitchell, Citation Analyst, at (916) 574-8995 or Nicole.Mitchell@dca.ca.gov.

“Original Signature on File”

“10/8/2020”

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