

1 XAVIER BECERRA  
Attorney General of California  
2 LINDA L. SUN  
Supervising Deputy Attorney General  
3 HELENE E. ROUSE  
Deputy Attorney General  
4 State Bar No. 130426  
300 So. Spring Street, Suite 1702  
5 Los Angeles, CA 90013  
Telephone: (213) 269-6279  
6 Facsimile: (916) 731-2126  
*Attorneys for Complainant*  
7

8 **BEFORE THE**  
9 **DEPARTMENT OF CONSUMER AFFAIRS**  
10 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**  
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:	Case No. 1003401
13 <b>SOUTHERN CALIFORNIA INTERNATIONAL</b>	<b>ACCUSATION</b>
14 <b>UNIVERSITY</b>	
15 <b>5455 Wilshire Boulevard, 21st Floor PMB #27</b>	
16 <b>Los Angeles, CA 90010</b>	
17 <b>Approval to Operate Institution No. 74309330</b>	
18 Respondent.	

19 **PARTIES**

20 1. Dr. Michael Marion, Jr. (Complainant) brings this Accusation solely in his official  
21 capacity as the Chief of the Bureau for Private Postsecondary Education (the Bureau),  
22 Department of Consumer Affairs.

23 2. On or about April 4, 2016, the Bureau issued Approval to Operate Institution Number  
24 74309330 to Southern California International University (Respondent). The Approval to  
25 Operate Institution was in full force and effect at all times relevant to the charges brought herein  
26 and will expire on April 4, 2021, unless renewed.

27 ///

28 ///

**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 (Code) unless otherwise indicated.

4. Business and Professions Code section 118, subdivision (b), provides that the suspension, expiration, surrender, or cancellation of a license shall not deprive the Bureau of jurisdiction to proceed with a disciplinary action during the period within which the license may be renewed, restored, reissued or reinstated.

5. Section 94875 provides that the Bureau shall regulate private postsecondary educational institutions.

6. Section 94877 states, in relevant part, that:

(a) The bureau shall adopt and shall enforce regulations to implement this chapter pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(b) The bureau shall develop and implement an enforcement program, pursuant to Article 18 (commencing with Section 94932) to implement this chapter.

...

7. Section 94932 states:

The bureau shall determine an institution's compliance with the requirements of this chapter. The bureau shall have the power to require reports that institutions shall file with the bureau in addition to the annual report, to send staff to an institution's sites, and to require documents and responses from an institution to monitor compliance. When the bureau has reason to believe that an institution may be out of compliance, it shall conduct an investigation of the institution. If the bureau determines, after completing a compliance inspection or investigation, that an institution has violated any applicable law or regulation, the bureau shall take appropriate action pursuant to this article.

**STATUTORY PROVISIONS**

8. Section 94891 states, in relevant part: "(b) To be granted a renewal of an approval to operate, the institution shall demonstrate its continued capacity to meet the minimum operating standards."

9. Section 94930.5 states in pertinent part:

Subject to Section 94930, an institution shall remit to the bureau for deposit in the Private Postsecondary Education Administration Fund the following fees, in accordance with the following schedule:

....

(d)(1) In addition to any fees paid to the bureau pursuant to subdivisions (a) to (c), inclusive, each institution that is approved to operate pursuant to this chapter shall remit both of the following:

(A) An annual fee for each campus designated by the institution as a main campus location in California, in an amount equal to 0.45 percent of the 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).

(B) An annual campus fee for each branch of the Institution in an amount equal to 0.45 percent of the branch's 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).

....

(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.

10. Section 94931 states in pertinent part:

(a) A fee that is not paid on or before the 90<sup>th</sup> calendar day after the due date for the payment of the fee shall be subject to a 35 percent late payment penalty fee.

(b) A fee that is not paid on or before the 90<sup>th</sup> calendar day after the due date for payment of the fee shall be subject to a 35 percent late payment penalty fee.

11. Section 94934 states:

(a) As part of the compliance program, an institution shall submit an annual report to the bureau, under penalty of perjury, signed by a responsible corporate officer, by July 1 of each year, or another date designated by the bureau, and it shall include the following information for educational programs offered in the reporting period:

(1) The total number of students enrolled by level of degree or for a diploma.

(2) The number of degrees, by level, and diplomas awarded.

(3) The degree levels and diplomas offered.

(4) The Student Performance Fact Sheet, as required pursuant to Section 94910.

(5) The school catalog, as required pursuant to Section 94909.

(6) The total charges for each educational program by period of attendance.

1 (7) A statement indicating whether the institution is, or is not, current in  
remitting Student Tuition Recovery Fund assessments.

2 (8) A statement indicating whether an accrediting agency has taken any final  
3 disciplinary action against the institution.

4 (9) Additional information deemed by the bureau to be reasonably required to  
ascertain compliance with this chapter.

5 . . . .

6 **REGULATORY PROVISIONS**

7 12. California Code of Regulations (CCR), title 5, section 74000, subdivision (e) states:

8 . . . .

9 (e)(1) If an institution fails to pay any fee and any penalty fees timely, the  
Bureau may initiate proceedings to revoke the institution's approval to operate for  
10 failure to pay fees.

11 (2) Any proceeding to revoke an institution's approval to operate is subject to  
the provisions of Chapter 5 of the Administrative Procedures Act. If a hearing is  
12 requested, it shall be limited to the issues of whether any fee or penalty was owed  
and, if so, whether the fee or penalty were paid when originally due.

13 (3) The procedure specified in this subdivision is cumulative to any other right  
14 or remedy the Bureau may invoke against an institution which fails to pay its annual  
fee or a penalty fee when originally due. Nothing in this subdivision restricts the  
15 Bureau's authority to bring other administrative or judicial action against an  
institution that fails to pay its fees when due.

16 (4) An institution whose approval to operate was revoked because of  
17 nonpayment of an annual fee or penalty fee may seek to obtain approval to operate  
only by filing an application for a new approval to operate.

18 13. CCR, title 5, section 74006 states:

19 (a) An institution's annual fee is due within 30 days of the date on which the  
20 institution originally receives its approval to operate and each year thereafter on the  
anniversary of the date of the original approval.

21 (b) An institution shall pay its annual fee in addition to any other applicable  
fees.

22 (c) The annual institutional fee is based on the institution's annual revenue.  
23 For purposes of this article, annual revenue is annual gross revenue.

24 14. CCR, title 5, section 76130 states:

25 (a) (1) A qualifying institution shall collect the assessment from each student  
26 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  
27 period of enrollment, regardless of whether the student pays the institutional charges  
in increments.

28 . . . .

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

5 (1) April 30 for the first quarter,

6 (2) July 31 for the second quarter,

7 (3) October 31 for the third quarter, and

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

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

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

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

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

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

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

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

27 (7) A declaration dated and signed under penalty of perjury by the person  
28 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.

15. CCR, title 5, section 75050, subdivision (b) states: "Failure of an applicant or  
institution issued an approval to operate to abate the violation or to pay the fine within the time  
allowed is a ground for denial or discipline of an approval to operate."

16. CCR, title 5, section 75100 provides that the Bureau may suspend, revoke or place on  
probation with terms and conditions an approval to operate.

///

**COST RECOVERY**

17. Business and Professions Code section 125.3 and section 94937, subdivision (c) provide, in part, that the Bureau 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 ALLEGATIONS**

18. On or about April 20, 2018, the Bureau issued Citation No. 1718022 (the Citation) to Respondent. The Citation was issued to Respondent for the following violations of law: (1) failure to submit the STRF Assessment Reporting Form (STRF Report) to the Bureau for the 4<sup>th</sup> quarter of 2017, and (2) failure to pay the annual fee for the calendar year 2017. Respondent was required to comply with the Citation’s order of abatements by submitting the delinquent STRF Report to the Bureau and the 2017 annual fee. Respondent was also fined \$50, for failing to submit the STRF Report, which Respondent was to pay within 30 days of service of the citation.

19. On or about May 18, 2018, the Bureau received a “Payment of Fine – Waiver of Appeal Rights” form signed by Alain Hoodashtian on May 16, 2018, stating that Respondent would comply with the orders of abatement, and enclosing a money order in the amount of \$50 for payment of the administrative fine.

20. On or about May 23, 2018, the Bureau sent Respondent a notice that evidence of compliance with the orders of abatement in the Citation was due to the Bureau by no later than May 20, 2018.

21. The Bureau’s Administrative Unit sent Respondent an invoice for Respondent’s 2018 institution’s annual fee.

22. On or about May 15, 2018, the Bureau’s Administrative Unit sent Respondent a first delinquency notice for failing to pay the annual institution fee for 2018.

23. On or about July 15, 2018, the Bureau’s Administrative Unit sent Respondent a second delinquency notice for failing to pay the annual institution fee for 2018.



1 **SECOND CAUSE FOR DISCIPLINE**

2 **(Failure to Meet Minimum Operating Standards –**  
3 **Failure to Pay Annual Fees)**

4 32. Respondent subjected its approval to operate to disciplinary action under CCR, title 5,  
5 section 74000, subdivision (e)(1)-(4), in conjunction with CCR, title 5, section 74006,  
6 subdivisions (a)-(c), for failing to pay its annual fees for the calendar years 2017, 2018 and 2019  
7 and all delinquency fees. Complainant refers to and by this reference incorporates paragraphs 18  
8 through 30 as though set forth in full.

9 **THIRD CAUSE FOR DISCIPLINE**

10 **(Failure to Meet Minimum Operating Standards –**  
11 **STRF Assessment Reporting Form)**

12 33. Respondent’s approval to operate is subject to disciplinary action under section 94891  
13 subdivision (b), and CCR, title 5, section 76130, subdivisions (a)(1) and (b)-(e) in that the  
14 Respondent did not submit its STRF Report to the Bureau for the 4<sup>th</sup> Quarter of 2017.  
15 Complainant refers to and by this reference incorporates paragraphs 18 through 30 as though set  
16 forth in full.

17 **PRAYER**

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

21 1. Revoking or suspending Approval to Operate Number 74309330, issued to Southern  
22 California International University;

23 2. Ordering Southern California International University to pay the Bureau for Private  
24 Postsecondary Education the reasonable costs of the investigation and enforcement of this case,  
25 pursuant to Business and Professions Code section 125.3; and,

26 ///

27 ///

28 ///



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

3. Taking such other and further action as deemed necessary and proper.

DATED: “6/24/2020”

“Original signature on file”  
DR. MICHAEL MARION, JR.  
Chief  
Bureau for Private Postsecondary Education  
Department of Consumer Affairs  
State of California  
*Complainant*

LA2020500715  
63333209.docx