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

12 In the Matter of the Statement of Issues  
13 Against:

Case No. 1000999

14 **NATURAL HEALING INSTITUTE OF**  
15 **NATUROPATHY, INC.; STEVE**  
16 **SCHECHTER, OWNER**

**STATEMENT OF ISSUES**

16 **SCHOOL CODE: 3710431**

17 **Application for Renewal of Approval to**  
18 **Operate An Institution Non-Accredited**

19 Respondent.

20  
21 Complainant alleges:

22 **PARTIES**

23 1. Joanne Wenzel (Complainant) brings this Statement of Issues solely in her official  
24 capacity as the Chief of the Bureau for Private Postsecondary Education, Department of  
25 Consumer Affairs.

26 2. On or about March 13, 2012, the Bureau for Private Postsecondary Education  
27 (hereinafter "Bureau") received an Application for Renewal of Approval to Operate an Institution  
28 Non-Accredited (Application #24563) from Natural Healing Institute of Naturopathy, Inc., Steve

1 Schechter, Owner (Respondent). On or about March 8, 2012, Steve Schechter certified under  
2 penalty of perjury to the truthfulness of all statements, answers, and representations in the  
3 application. The Bureau denied the application on June 30, 2015.

#### 4 JURISDICTION

5 3. This Statement of Issues is brought before the Director of the Department of  
6 Consumer Affairs (Director) for the Bureau for Private Postsecondary Education, under the  
7 authority of the following laws. All section references are to the Education Code unless  
8 otherwise indicated.

9 4. Education Code Section 94886 states:

10 Except as exempted in Article 4 (commencing with section 94874) or in  
11 compliance with the transition provisions in Article 2 (commencing with  
12 Section 94802), a person shall not open, conduct, or do business as a private  
postsecondary educational institution in this state without obtaining an approval  
to operate under this chapter.

13 5. Education Code Section 94887 states:

14 An approval to operate shall be granted only after an applicant has presented  
15 sufficient evidence to the bureau, and the bureau has independently verified the  
16 information provided by the applicant through site visits or other methods  
17 deemed appropriate by the bureau, that the applicant has the capacity to satisfy  
the minimum operating standards. The bureau shall deny an application for an  
approval to operate if the application does not satisfy those standards.

#### 18 STATUTORY AND REGULATORY PROVISIONS

19 6. Education Code (hereinafter "Code") section 94891, subdivision (b) stated that "[t]o  
20 be granted a renewal of an approval to operate, the institution shall demonstrate its continued  
21 capacity to meet the minimum operating standards."

22 7. Code section 94909 states in part:

23 (a) Except as provided in subdivision (d), prior to enrollment, an institution  
24 shall provide a prospective student, either in writing or electronically, with a  
school catalog containing, at a minimum, all of the following:

25 ...

26 (2) Except as specified in Article 2 (commencing with Section 94802), a  
27 statement that the institution is a private institution and that it is approved to  
operate by the bureau.

28 (3) The following statements:

1 ...  
2 (A) "Any questions a student may have regarding this catalog that  
3 have not been satisfactorily answered by the institution may be directed to  
4 the Bureau for Private Postsecondary Education at (address), Sacramento,  
5 CA (ZIP Code), (Internet Web site address), (telephone and fax  
6 numbers)."

7 (B) "As a prospective student, you are encouraged to review this  
8 catalog prior to signing an enrollment agreement. You are also  
9 encouraged to review the School Performance Fact Sheet, which must be  
10 provided to you prior to signing an enrollment agreement."

11 (C) "A student or any member of the public may file a complaint  
12 about this institution with the Bureau for Private Postsecondary Education  
13 by calling (toll-free telephone number) or by completing a complaint  
14 form, which can be obtained on the bureau's Internet Web site (Internet  
15 Web site address)."

16 ...  
17 (8) A detailed description of institutional policies in the following areas:  
18 ...

19 (B) Cancellation, withdrawal, and refund policies, including an  
20 explanation that the student has the right to cancel the enrollment  
21 agreement and obtain a refund of charges paid through attendance at the  
22 first class session, or the seventh day after enrollment, whichever is later.  
23 The text shall also include a description of the procedures that a student is  
24 required to follow to cancel the enrollment agreement or withdraw from  
25 the institution and obtain a refund consistent with the requirements of  
26 Article 13 (commencing with Section 94919).

27 (C) Probation and dismissal policies.  
28 ...

29 (E) Leave-of-absence policies.  
30 ...

31 (11) A statement specifying that, if a student obtains a loan to pay for an  
32 educational program, the student will have the responsibility to repay the full  
33 amount of the loan plus interest, less the amount of any refund, and that, if the  
34 student has received federal student financial aid funds, the student is entitled to  
35 a refund of the moneys not paid from federal student financial aid program  
36 funds.

37 (12) A statement specifying whether the institution has a pending petition  
38 in bankruptcy, is operating as a debtor in possession, has filed a petition within  
39 the preceding five years, or has had a petition in bankruptcy filed against it  
40 within the preceding five years that resulted in reorganization under Chapter 11  
41 of the United States Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

42 (13) If the institution provides placement services, a description of the

nature and extent of the placement services.

...

(15) The following statement:

**“NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND CREDENTIALS EARNED AT OUR INSTITUTION**

The transferability of credits you earn at (name of institution) is at the complete discretion of an institution to which you may seek to transfer. Acceptance of the (degree, diploma, or certificate) you earn in (name of educational program) is also at the complete discretion of the institution to which you may seek to transfer. If the (credits or degree, diploma, or certificate) that you earn at this institution are not accepted at the institution to which you seek to transfer, you may be required to repeat some or all of your coursework at that institution. For this reason you should make certain that your attendance at this institution will meet your educational goals. This may include contacting an institution to which you may seek to transfer after attending (name of institution) to determine if your (credits or degree, diploma, or certificate) will transfer.”

(16) A statement specifying whether the institution, or any of its degree programs, are accredited by an accrediting agency recognized by the United States Department of Education. If the institution is unaccredited and offers an associate, baccalaureate, master's, or doctoral degree, or is accredited and offers an unaccredited program for an associate, baccalaureate, master's, or doctoral degree, the statement shall disclose the known limitations of the degree program, including, but not limited to, all of the following:

(A) Whether a graduate of the degree program will be eligible to sit for the applicable licensure exam in California and other states.

(B) A degree program that is unaccredited or a degree from an unaccredited institution is not recognized for some employment positions, including, but not limited to, positions with the State of California.

(C) That a student enrolled in an unaccredited institution is not eligible for federal financial aid programs.

...

8. Section 94911 of the Education Code states in part:

An enrollment agreement shall include, at a minimum, all of the following:

...

(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.

...

1 (e) (1) A disclosure with a clear and conspicuous caption, 'STUDENT'S RIGHT  
2 TO CANCEL,' under which it is explained that the student has the right to  
3 cancel the enrollment agreement and obtain a refund of charges paid through  
4 attendance at the first class session, or the seventh day after enrollment,  
5 whichever is later.

6 (2) The disclosure shall contain the institution's refund policy and a  
7 statement that, if the student has received federal student financial aid funds, the  
8 student is entitled to a refund of moneys not paid from federal student financial  
9 aid program funds.

10 (3) The text shall also include a description of the procedures that a  
11 student is required to follow to cancel the enrollment agreement or withdraw  
12 from the institution and obtain a refund.

13 (f) A statement specifying that, if the student obtains a loan to pay for an  
14 educational program, the student will have the responsibility to repay the full  
15 amount of the loan plus interest, less the amount of any refund.

16 (g) A statement specifying that, if the student is eligible for a loan guaranteed  
17 by the federal or state government and the student defaults on the loan, both of  
18 the following may occur:

19 (1) The federal or state government or a loan guarantee agency may take  
20 action against the student, including applying any income tax refund to which  
21 the person is entitled to reduce the balance owed on the loan.

22 (2) The student may not be eligible for any other federal student financial  
23 aid at another institution or other government assistance until the loan is repaid.

24 (h) The transferability disclosure that is required to be included in the school  
25 catalog, as specified in paragraph (15) of subdivision (a) of Section 94909.

26 (i) (1) The following statement: 'Prior to signing this enrollment agreement, you  
27 must be given a catalog or brochure and a School Performance Fact Sheet,  
28 which you are encouraged to review prior to signing this agreement. These  
documents contain important policies and performance data for this institution.  
This institution is required to have you sign and date the information included  
in the School Performance Fact Sheet relating to completion rates, placement  
rates, license examination passage rates, salaries or wages and the most recent  
three-year cohort default rate, if applicable, prior to signing this agreement.'

(2) Immediately following the statement required by paragraph (1), a line  
for the student to initial, including the following statement: 'I certify that I have  
received the catalog, School Performance Fact Sheet, and information regarding  
completion rates, placement rates, license examination passage rates, and salary  
or wage information and the most recent three-year cohort default rate, if  
applicable, included in the School Performance Fact sheet, and have signed,  
initialed, and dated the information provided in the School Performance Fact  
Sheet.'

(j) The following statements:

(1) 'Any questions a student may have regarding this enrollment  
agreement that have not been satisfactorily answered by the institution may be  
directed to the Bureau for Private Postsecondary Education at (address),

1 Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax  
numbers).'

2 (2) 'A student or any member of the public may file a complaint about  
3 this institution with the Bureau for Private Postsecondary Education by calling  
4 (toll-free telephone number) or by completing a complaint form, which can be  
5 obtained on the bureau's Internet Web site (Internet Web site address).'

(k) The following statement above the space for the student's signature:

6 'I understand that this is a legally binding contract. My signature below  
7 certifies that I have read, understood, and agreed to my rights and  
8 responsibilities, and that the institution's cancellation and refund policies  
9 have been clearly explained to me.'"

9. Section 94920 of the Education Code states:

10 An institution that does not participate in the federal student financial aid  
11 programs shall do all of the following:

11 ...

12 (b) Institutions shall refund 100 percent of the amount paid for institutional  
13 charges, less a reasonable deposit or application fee not to exceed two hundred  
14 fifty dollars (\$250), if notice of cancellation is made through attendance at the  
15 first class session, or the seventh class day after enrollment, whichever is later.

15 ...

16 (d) The institution shall have a refund policy for the return of unearned  
17 institutional charges if the student cancels an enrollment agreement or  
18 withdraws during a period of attendance. The refund policy for students who  
19 have completed 60 percent or less of the period of attendance shall be a pro rata  
20 refund.

19 ...

10. Section 94934 of the Education Code states:

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

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

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

26 (3) The degree levels and diplomas offered.

27 (4) The Student Performance Fact Sheet, as required pursuant to Section  
28 94910.

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

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

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

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

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

8 (b) The bureau, by January 1, 2011, shall prescribe the annual report's format  
and method of delivery."

9 11. Title 5, CCR, section 71240 states:

10 (a) The Form Application 94886 shall contain a statement that the institution  
11 has and can maintain the financial resources required pursuant to section 71745.

12 (b) The institution shall submit current, reviewed financial statements at the  
13 time it applies for approval to operate. Each set of financial statements shall  
comply with Section 74115 of this chapter.

14 12. Title 5, California Code of Regulations ("CCR"), section 71475 states in part:

15 ...

16 (b) An institution seeking to renew its Approval to Operate pursuant to section  
17 94891 of the Code shall, prior to its expiration, complete and submit to the  
Bureau the "Application for Renewal of Approval to Operate and Offer  
18 Educations Programs for Non-Accredited Institutions," Form Application  
94891 (rev. 2/10).

19 ...

20 (c) The institution shall include, with its application, exemplars of all student  
21 enrollment agreements and instruments of indebtedness.

22 ...

23 (bb) The application shall include a copy of the institution's catalog, in  
24 published or proposed-to-be-published form. The catalog shall meet the  
requirements of the Act and of section 71810.

25 ...

26 13. Title 5, CCR, section 71700 states, "The Bureau may request that an institution  
27 document compliance with the standards set forth in the Act and this Division to obtain and  
28 maintain an approval to operate."

1 14. Title 5, CCR, section 71716 states in part:

2 (a) An institution offering a distance educational program where the instruction  
3 is not offered in real time shall transmit the first lesson and any materials to any  
4 student within seven days after the institution accepts the student for admission.

5 (b) The student shall have the right to cancel the agreement and receive a full  
6 refund pursuant to section 71750 before the first lesson and materials are  
7 received. Cancellation is effective on the date written notice of cancellation is  
8 sent. The institution shall make the refund pursuant to section 71750. If the  
9 institution sent the first lesson and materials before an effective cancellation  
10 notice was received, the institution shall make a refund within 45 days after the  
11 student's return of the materials.

12 (c)(1) An institution shall transmit all of the lessons and other materials to the  
13 student if the student: (A) has fully paid for the educational program; and (B)  
14 after having received the first lesson and initial materials, requests in writing  
15 that all of the material be sent.

16 (2) If an institution transmits the balance of the material as the student  
17 requests, the institution shall remain obligated to provide the other educational  
18 services it agreed to provide, such as responses to student inquiries, student and  
19 faculty interaction, and evaluation and comment on lessons submitted by the  
20 student, but shall not be obligated to pay any refund after all of the lessons and  
21 material are transmitted.

22 (d) The enrollment agreement shall disclose the institution's and student's rights  
23 and duties under this section.

24 15. Title 5, CCR, section 71745 states in part:

25 (a) The institution shall document that it has at all times sufficient assets and  
26 financial resources to do all of the following:

27 (1) Provide all of the educational programs that the institution represented  
28 it would provide.

(2) Ensure that all students admitted to its educational programs have a  
reasonable opportunity to complete the programs and obtain their degrees or  
diplomas.

(3) Maintain the minimum standards required by the Act and this chapter.

(4) Pay timely refunds as required by Article 13 of the Act.

(5) Pay all operating expenses due within 30 days.

(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



1 of deferred charges, and non-returnable deposits, or state or federal grant or  
2 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.

3 ...

4 14. Title 5, CCR, section 71800 states in part:

5 In addition to the requirements of section 94911 of the Code, an institution shall  
6 provide to each student an enrollment agreement that contains at the least the  
following information:

7 ...

8 (b) Period covered by the enrollment agreement.

9 ...

10 (d) Date by which the student must exercise his or her right to cancel or  
11 withdraw, and the refund policy, including any alternative method of  
calculation if approved by the Bureau pursuant to section 94921 of the Code.

12 ...

13 16. Title 5, CCR, section 71810 states in part:

14 (a) Each institution shall provide a catalog pursuant to section 94909 of the  
15 Code, which shall be updated annually. Annual updates may be made by the  
16 use of supplements or inserts accompanying the catalog. If changes in  
17 educational programs, educational services, procedures, or policies required to  
be included in the catalog by statute or regulation are implemented before the  
issuance of the annually updated catalog, those changes shall be reflected at the  
time they are made in supplements or inserts accompanying the catalog.

18 (b) The catalog shall contain the information prescribed by Section 94909 of  
19 the Code and all of the following:

20 (1) The specific beginning and ending dates defining the time period  
covered by the catalog;

21 ...

22 (3) If the institution admits students from other countries, whether visa  
23 services are provided or whether the institution will vouch for student status,  
and any associated charges;

24 ...

25 (8) The institution's standards for student achievement;

26 (9) A description of the facilities and of the types of equipment and  
27 materials that will be used for instruction;

28 (10) A description of library and other learning resources and the  
procedures for student access to those resources;

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28

...

(12) A description of all student services;

(13) Housing information including all of the following:

...

(B) The availability of housing located reasonably near the institution's facilities and an estimation of the approximate cost or range of cost of the housing; and

(C) If the institution has no responsibility to find or assist a student in finding housing, a clear and conspicuous statement so indicating. A statement that the program is "non- residential" does not satisfy this subparagraph.

(14) Policies on student rights, including the procedure for addressing student grievances; and,

(15) Policies on the retention of student records.

17. Title 5, CCR, section 71930 states in part:

...

(b)(1) In addition to permanently retaining a transcript as required by section 94900(b) of the Code, the institution shall maintain for a period of 5 years the pertinent student records described in Section 71920 from the student's date of completion or withdrawal.

(2) Notwithstanding (b)(1), the institution shall maintain records relating to federal financial aid programs as provided by federal law.

...

18. Title 5, CCR, section 74115 states in part:

(a) This section applies to every set of financial statements required to be prepared or filed by the Act or by this chapter.

(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:

(1) Audited and reviewed financial statements shall be conducted and prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants by an independent certified public accountant who is not an employee, officer, or corporate director or member of the governing board of the institution.

(2) Financial statements prepared on an annual basis as required by section 74110(b) shall be prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual financial statements as

1 required under generally accepted accounting principles for nonprofit  
2 organizations.

3 (3) The financial statements shall establish that the institution meets the  
4 requirements for financial resources required by Section 71745.

5 (4) If an audit performed to determine compliance with any federal or  
6 state student financial aid program reveals any failure to comply with the  
7 requirements of the program and the noncompliance creates any liability or  
8 potential liability for the institution, the financial statements shall reflect the  
9 liability or potential liability.

10 (5) Any audits shall demonstrate that the accountant obtained an  
11 understanding of the institution's internal financial control structure, assessed  
12 any risks, and has reported any material deficiencies in the internal controls.

13 ...

14 (d) "Current" with respect to financial statements means completed no sooner  
15 than 120 days prior to the time it is submitted to the Bureau, and covering no  
16 less than the most recent complete fiscal year. If more than 8 months will have  
17 elapsed between the close of the most recent complete fiscal year and the time it  
18 is submitted, the fiscal statements shall also cover no less than five months of  
19 that current fiscal year.

20 19. Title 5, CCR, section 76215 states in part:

21 (a) A qualifying institution shall include the following statement on both its  
22 enrollment agreement for an educational program and its current schedule of  
23 student charges:

24 "You must pay the state-imposed assessment for the Student Tuition  
25 Recovery Fund (STRF) if all of the following applies to you:

26 1. You are a student in an educational program, who is a California  
27 resident, or are enrolled in a residency program, and prepay all or part of  
28 your tuition either by cash, guaranteed student loans, or personal loans,  
and

2. Your total charges are not paid by any third-party payer such as an  
employer, government program or other payer unless you have a separate  
agreement to repay the third party.

You are not eligible for protection from the STRF and you are not  
required to pay the STRF assessment, if either of the following applies:

1. You are not a California resident, or are not enrolled in a residency  
program, or

2. Your total charges are paid by a third party, such as an employer,  
government program or other payer, and you have no separate agreement  
to repay the third party."

///

///

1 (b) In addition to the statement described under subdivision (a) of this section, a  
2 qualifying institution shall include the following statement on its current  
3 schedule of student charges:

4 "The State of California created the Student Tuition Recovery Fund  
5 (STRF) to relieve or mitigate economic losses suffered by students in  
6 educational programs who are California residents, or are enrolled in a  
7 residency programs attending certain schools regulated by the Bureau for  
8 Private Postsecondary and Vocational Education.

9 You may be eligible for STRF if you are a California resident or are  
10 enrolled in a residency program, prepaid tuition, paid the STRF  
11 assessment, and suffered an economic loss as a result of any of the  
12 following:

- 13 1. The school closed before the course of instruction was completed.
- 14 2. The school's failure to pay refunds or charges on behalf of a student to  
15 a third party for license fees or any other purpose, or to provide  
16 equipment or materials for which a charge was collected within 180 days  
17 before the closure of the school.
- 18 3. The school's failure to pay or reimburse loan proceeds under a federally  
19 guaranteed student loan program as required by law or to pay or  
20 reimburse proceeds received by the school prior to closure in excess of  
21 tuition and other costs.
- 22 4. There was a material failure to comply with the Act or this Division  
23 within 30 days before the school closed or, if the material failure began  
24 earlier than 30 days prior to closure, the period determined by the Bureau.
- 25 5. An inability after diligent efforts to prosecute, prove, and collect on a  
26 judgment against the institution for a violation of the Act."

27 However, no claim can be paid to any student without a social security number or  
28 a taxpayer identification number.

#### 19 **FACTS**

20 19. On March 13, 2012, the Bureau received an Application for Renewal of Approval to  
21 Operate a Non-Accredited Institution, Application Number 24563, from Respondent. Respondent  
22 had an approval to offer the following non-degree educational programs: Aromatherapy, Clinical  
23 Herbology, Clinical Master Herbalist-Distance Learning, Clinical Master Herbology, Clinical  
24 Nutrition, Clinical Nutrition-Distance Learning, Holistic Health Practitioner, Holistic Health  
25 Practitioner-Distance Learning, Lomi-Lomi/Hawaiian Healing Arts, Massage Technician,  
26 Massage Therapy, Naturopathic Practitioner, Naturopathic Practitioner -Distance Learning,  
27 Professional Hypnotherapy, Spa & Massage Therapist, Sports Therapist & Performance  
28 Enhancement, Thai Massage, Yoga Instructor, Somatics and Movement Therapist.

1           20. From July 1, 2007 through December 31, 2009, there was no regulatory body with  
2 oversight of private postsecondary schools because the former Bureau for Private Postsecondary  
3 and Vocational Education sunsetted on July 1, 2007. On October 11, 2009, the Bureau for  
4 Private Postsecondary Education Act of 2009 (SB 48 and hereinafter, “the Act”) was signed into  
5 law. The Act, which became operative on January 1, 2010, established the Bureau.

6           21. On April 24, 2012, the Bureau sent Respondent a letter advising that the Bureau could  
7 not grant Respondent a renewal of approval to operate because of deficiencies in the application,  
8 such as missing information regarding the institution’s Articles of Incorporation and Bylaws and  
9 financial resources, among other things. On October 29, 2012, November 6, 2012 and February  
10 27, 2013, the Bureau received Respondent’s responses to the deficiency letter.

11           22. On September 30, 2013, the Bureau sent Respondent a second deficiency letter  
12 advising of the deficiencies that remained with Respondent’s application. On March 10, 2014,  
13 the Bureau received Respondent’s response to the deficiency letter.

14           23. On April 3, 2014, the Bureau sent Respondent a third deficiency letter advising of the  
15 deficiencies that remained with Respondent’s application. On November 14, 2014, the Bureau  
16 received Respondent’s response to the deficiency letter.

17           24. On June 30, 2015, the Bureau denied Respondent’s Application for Renewal of  
18 Approval to Operate a Non-Accredited Institution and sent Respondent a “Notice of Denial.”

19                                   **FIRST CAUSE FOR DENIAL OF APPLICATION**

20                   **(Failure to Demonstrate Continued Capacity to Satisfy Minimum Operating Standards**  
21   **- Deficiencies in Enrollment Agreement)**

22           25. Respondent’s application is subject to denial under Education Code section 94891,  
23 subdivision (b), sections 94909, 94911, 94920 and title 5, CCR, sections 71700, 71716, 71800,  
24 76215, for failing to demonstrate its continued capacity to satisfy minimum operating standards  
25 in that the enrollment agreement contains deficiencies as set forth below:

26           a. The enrollment agreement failed to include the period covered by the enrollment  
27 agreement, as required by and title 5, CCR, section 71800(b).  
28

1           b.    The enrollment agreement failed to state the date by which the student must exercise  
2 his or her right to cancel or withdraw, as required by and title 5, CCR, section 71800(d) and Code  
3 section 94920(b) and (d).

4           c.    The institution's refund policy, as set forth in the enrollment agreement, for  
5 withdrawal from a class prior to the first day of instruction is in violation of Section 94920(b).  
6 The institution's enrollment agreement states, "If you withdraw from a class prior to the first day  
7 of instruction, you are entitled to a full refund of tuition less than the non-refundable enrollment  
8 fee and a withdrawal fee." Section 94920(b) provides that students have the right to cancel the  
9 enrollment agreement and obtain a refund of charges paid through attendance at the first class  
10 session, or the seventh day after enrollment, whichever is later.

11          d.    The institution's policy, as set forth in the enrollment agreement, that refunds are only  
12 available if less than 40% of a class has been presented is in violation of Section 94920(d).  
13 Section 94920(d) provides that students who completed 60% or less of a period of attendance are  
14 entitled to a pro rata refund.

15          e.    The enrollment agreement failed to state in underlined capital letters on the same  
16 page of the enrollment agreement in which the student's signature is required, the total charges for  
17 the current period of attendance, the estimated total charges for the entire educational program,  
18 and the total charges the student is obligated to pay upon enrollment, as required by Code section  
19 94911(c).

20          f.    The enrollment agreement failed to include the specific required language related to  
21 the Student Tuition Recovery Fund (STRF), as required by title 5, CCR, section 76215(a) and (b).

22          g.    The enrollment agreement failed to set forth the following disclosures required by  
23 Code section 94911(e), subdivisions (1), (2) and (3):

24               (i) a clear and conspicuous caption stating, 'STUDENT'S RIGHT TO CANCEL,'  
25 under which it is explained that the student has the right to cancel the enrollment agreement and  
26 obtain a refund of charges paid through attendance at the first class session, or the seventh day  
27 after enrollment, whichever is later.

28

1 (ii) the institution's refund policy and a statement that, if the student has received  
2 federal student financial aid funds, the student is entitled to a refund of moneys not paid from  
3 federal student financial aid program funds.

4 (iii) a description of the procedures that a student is required to follow to cancel the  
5 enrollment agreement or withdraw from the institution and obtain a refund.

6 h. The enrollment agreement failed to include a statement that, if the student obtains a  
7 loan to pay for an educational program, the student will have the responsibility to repay the full  
8 amount of the loan plus interest, less the amount of any refund, as required by Code section  
9 94911(f).

10 i. The enrollment agreement failed to include a statement that if the student is eligible  
11 for a loan guaranteed by the federal or state government and the student defaults on the loan, the  
12 federal or state government or a loan guarantee agency may take action against the student,  
13 including applying any income tax refund to which the person is entitled to reduce the balance  
14 owed on the loan and that the student may not be eligible for any other federal student financial  
15 aid at another institution or other government financial assistance until the loan is repaid, as  
16 required by Code section 94911(g), subdivisions (1) and (2).

17 j. The enrollment agreement failed to include the transferability disclosure required by  
18 Code sections 94911(h) and 94909(a)(15).

19 k. The enrollment agreement failed to include the specific required statements directing  
20 the student to the Bureau for unanswered questions and for filing a compliant with the Bureau, as  
21 required by Code section 94911(j), subdivisions (1) and (2).

22 l. The enrollment agreement failed to include the statements acknowledging the  
23 student's receipt of the catalog, or brochure, and a School Performance Fact Sheet, prior to  
24 signing the enrollment agreement, and a line for the student to initial, as required by Code section  
25 94911(i), subdivisions (1) and (2).

26 m. The enrollment agreement failed to include verbatim the specific language above the  
27 student signature required by Code section 94911(k).

28

1 n. The enrollment agreement failed to disclose that an institution offering a distance  
2 educational program where the instruction is not offered in real time shall transmit the first lesson  
3 and any materials to any student within seven days after the institution accepts the student for  
4 admission, as required by title 5, CCR, section 71716, subdivisions(a) and (d).

5 o. The enrollment agreement failed to disclose that a distance education student shall  
6 have the right to cancel the enrollment agreement and receive a full refund pursuant to section  
7 71750 before the first lesson and materials are received; that cancellation is effective on the date  
8 written notice of cancellation is sent; that the institution shall make the refund pursuant to section  
9 71750; and that if the institution sent the first lesson and materials before an effective cancellation  
10 notice was received, the institution shall make a refund within 45 days after the student's return of  
11 the materials. These disclosures are required by title 5, CCR, section 71716, subdivisions (b) and  
12 (d).

13 p. The enrollment agreement failed to disclose that an institution offering a distance  
14 educational program shall transmit all of the lessons and other materials to the student if the  
15 student has fully paid for the educational program and if the student requests in writing that all of  
16 the material be sent after having received the first lesson and initial materials. The enrollment  
17 agreement further failed to disclose that if an institution transmits the balance of the material as  
18 the student requests, the institution shall remain obligated to provide the other educational  
19 services it agreed to provide, such as responses to student inquiries, student and faculty  
20 interaction, and evaluation and comment on lessons submitted by the student, but shall not be  
21 obligated to pay any refund after all of the lessons and material are transmitted. These disclosures  
22 are required by title 5, CCR, section 71716, subdivisions (c) and (d).

23 **SECOND CAUSE FOR DENIAL OF APPLICATION**

24 **(Failure to Demonstrate Continued Capacity to Satisfy Minimum Operating Standards**  
25 **- Financial Resources and Statements)**

26 26. Respondent's application is subject to denial under Education Code section 94891,  
27 subdivision (b) and title 5, CCR, sections 71240, 71700, 71745 and 74115 for failing to  
28 demonstrate its continued capacity to satisfy minimum operating standards by demonstrating that



1 the institution has and can maintain the financial resources required by providing current  
2 reviewed or audited financial statements as defined by title 5, CCR, section 74115.

3 27. The circumstances are as follows. On March 13, 2012, Respondent submitted bank  
4 statements with its application , however these are not financial statements as defined by title 5,  
5 CCR, section 74115(b). On November 6, 2012, Respondent submitted a profit and loss statement  
6 that was neither reviewed nor audited. On March 10, 2014, Respondent submitted financial  
7 statements that were neither reviewed nor audited. On November 14, 2014, Respondent  
8 submitted its 2012 tax returns. None of these submissions meets the requirement for providing  
9 current reviewed or audited financial statements that demonstrate the financial resources required  
10 by title 5, CCR, section 71745.

11 **THIRD CAUSE FOR DENIAL OF APPLICATION**

12 **(Failure to Demonstrate Continued Capacity to Satisfy Minimum Operating Standards**  
13 **- Catalog)**

14 28. Respondent's application is subject to denial under Education Code section 94891,  
15 subdivision (b), sections 94909 and 94920, and title 5, CCR, sections 71700, 71810, 71930 an  
16 76215 for failing to demonstrate its continued capacity to satisfy minimum operating standards in  
17 that the institution's catalog contained the following deficiencies:

18 a. The institution's catalog did not include the specific beginning and ending dates  
19 defining the time period covered by the catalog, as required by title 5, CCR, section 71810(b)(1).

20 b. The institution's catalog did not include the statement that the institution is a private  
21 institution and that it is approved to operate by the Bureau, as required by Code section  
22 94909(a)(2).

23 c. The institution's catalog did not include a statement specifying whether the institution  
24 has a pending petition in bankruptcy, is operating as a debtor in possession, has filed a petition  
25 within the preceding five years, or has had a petition in bankruptcy filed against it within the  
26 preceding five years that resulted in reorganization under Chapter 11 of the United States  
27 Bankruptcy Code, as required by Code section 94909(a)(12).

28

1 d. The institution's catalog did not include the statement encouraging prospective  
2 students to review the catalog and School Performance Fact Sheet prior to signing an enrollment  
3 agreement, as required by Code section 94909(a)(3)(B).

4 e. The institution's catalog did not include a description of the facilities and of the types  
5 of equipment and materials that will be used for instruction, as required by title 5, CCR, section  
6 71810(b)(9).

7 f. The institution's catalog did not include a description of library and other learning  
8 resources and the procedures for student access to those resources, as required by title 5, CCR,  
9 section 71810(b)(10).

10 g. The institution's catalog did not include the statement, "A student or any member of  
11 the public may file a complaint about this institution with the Bureau for Private Postsecondary  
12 Education by calling (toll-free telephone number) or by completing a complaint form, which can  
13 be obtained on the bureau's Internet Web site," as required by Code section 94909(a)(3)(C).

14 h. The institution's catalog did not include the statement, "Any questions a student may  
15 have regarding this catalog that have not been satisfactorily answered by the institution may be  
16 directed to the Bureau for Private Postsecondary Education at (address), Sacramento, CA (ZIP  
17 Code), (Internet Web site address), (telephone and fax numbers)," as required by Code section  
18 94909(a)(3)(A).

19 i. The institution's catalog did not include the specific language that addresses  
20 transferability of credits and credentials, as required by Code section 94909(a)(15).

21 j. The institution's catalog did not specify whether the institution admits students from  
22 other countries and whether visa services are provided, as required by title 5, CCR, section  
23 71810(b)(3).

24 k. The institution's catalog did not include a statement specifying whether the  
25 institution, or any of its degree programs, are accredited by an accrediting agency recognized by  
26 the United States Department of Education, as required by Code section 94909(a)(16).

27 l. The institution's catalog did not include the specific required language related to the  
28 Student Tuition Recovery Fund (STRF), as required by title 5, CCR, section 76215(a) and (b).

1 m. The institution's catalog contains withdrawal, cancellation and refund policies that  
2 are not compliant with Code section 94909(a)(8)(B) or the Bureau's regulations as follows:

3 (i) The institution's refund policy, as set forth on page 9 of the catalog states, "If you  
4 withdraw from a class prior to the first day of instruction, you are entitled to a full refund of  
5 tuition less than the non-refundable enrollment fee and a withdrawal fee." Code Section 94920(b)  
6 provides that students have the right to cancel the enrollment agreement and obtain a refund of  
7 charges paid through attendance at the first class session, or the seventh day after enrollment,  
8 whichever is later.

9 (ii) The institution's refund policy, as set forth in the catalog states that refunds are  
10 only available if less than 40% of a class has been presented. Code section 94920(d) provides  
11 that students who completed 60% or less of a period of attendance are entitled to a pro rata  
12 refund.

13 n. The institution's catalog did not include a statement specifying that, if a student  
14 obtains a loan to pay for an educational program, the student will have the responsibility to repay  
15 the full amount of the loan plus interest, less the amount of any refund, and that, if the student has  
16 received federal student financial aid funds, the student is entitled to a refund of the monies not  
17 paid from federal student financial aid program funds, as required by Code section 94909(a)(11).

18 o. The institution's catalog did not include the institution's standards for student  
19 achievement, as required by title 5, CCR, section 71810(b)(8).

20 p. The institution's catalog did not include a description of the institution's probation  
21 and dismissal policies, as required by Code section 94909(a)(8)(C).

22 q. The institution's catalog did not include a description of the institution's leave-of-  
23 absence policies, as required by Code section 94909(a)(8)(E).

24 r. The institution's catalog did not include the institution's policies on student rights,  
25 including the procedure for addressing student grievances, as required by title 5, CCR, section  
26 71810(b)(14).

27 s. The institution's catalog did not include a description of all student services, as  
28 required by title 5, CCR, section 71810(b)(12).

1 t. The institution's catalog did not include a description of the nature and extent of the  
2 placement services, if the institution provides placement services, as required by Code section  
3 94909(a)(13).

4 u. The institution's catalog did not include a description of the availability of housing  
5 located reasonably near the institution's facilities and an estimation of the approximate cost or  
6 range of cost of the housing and if the institution has no responsibility to find or assist a student in  
7 finding housing, as required by title 5, CCR, section 71810(b)(13)(B)(C).

8 v. The institution's catalog states that student records are retained for at least ten years  
9 after a student completes, or at least six years after withdrawal from, a program, however an  
10 institution is required to permanently retain student transcripts pursuant to title 5, CCR, section  
11 71930(b).

12 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

13 **(Failure to Demonstrate Continued Capacity to Satisfy Minimum Operating Standards**  
14 **- Annual Report)**

15 29. Respondent's application is subject to denial under Education Code sections 94891,  
16 subdivision (b) and 94934 and title 5, CCR, section 71700, for failing to demonstrate its  
17 continued capacity to satisfy minimum operating standards in that Respondent failed to submit  
18 complete Annual Reports for 2011, 2012 and 2013, under penalty of perjury and signed by a  
19 responsible corporate officer.

20 **PRAYER**

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

24 1. Denying Natural Healing Institute of Naturopathy, Inc., Steve Schechter, Owner, a  
25 Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited  
26 Institutions; and,

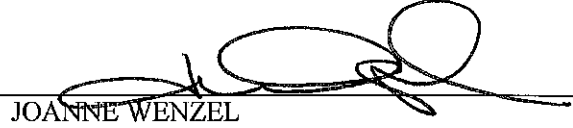
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2. Taking such other and further action as deemed necessary and proper.

DATED: 3/3/16



JOANNE WENZEL  
Chief  
Bureau for Private Postsecondary Education  
Department of Consumer Affairs  
State of California  
*Complainant*

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