

1 KAMALA D. HARRIS
Attorney General of California
2 KENT D. HARRIS
Supervising Deputy Attorney General
3 STEPHANIE ALAMO-LATIF
Deputy Attorney General
4 State Bar No. 283580
1300 I Street, Suite 125
5 P.O. Box 944255
Sacramento, CA 94244-2550
6 Telephone: (916) 327-6819
Facsimile: (916) 327-8643
7 E-mail: Stephanie.AlamoLatif@doj.ca.gov
Attorneys for Complainant

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

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

Case No. 1000396

14
15 **MOLER BARBER COLLEGE,**
KENO MODICA, OWNER

STATEMENT OF ISSUES

16
17 **Applicant for Renewal of Approval to**
Operate and Offer Educational Programs
for Non-Accredited Institutions

18
19 **Institution Code: 3400961**

20 Respondent.

21
22 Joanne Wenzel ("Complainant") alleges:

23 **PARTIES**

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

26 2. On or about June 27, 2012, the Bureau received an Application for Renewal of
27 Approval to Operate and Offer Educational Programs for Non-Accredited Institutions ("Renewal
28 Application ") from James Knauss, owner of Moler Barber College. On or about December 11,

1 2014, the Bureau granted a change of business/ownership to Keno Modica, owner of Moler
2 Barber College (“Respondent¹”).

3 3. On or about July 2, 2012, the Bureau issued a deficiency letter to Respondent
4 explaining that the Bureau was unable to grant the Renewal Application at that time, and outlined
5 the identified deficiencies pursuant to sections of the California Education Code and Title 5 of the
6 California Code of Regulations.

7 4. On or about January 30, 2013, the Bureau issued an additional letter to Respondent
8 explaining that the Bureau had not received a response to the deficiency letter dated July 2, 2012.
9 Therefore, the Bureau was unable to grant the Renewal Application at that time, and the letter
10 outlined the identified deficiencies pursuant to sections of the California Education Code and
11 Title 5 of the California Code of Regulations.

12 5. On or about March 11, 2013, the Bureau received an addendum from Respondent
13 with additional documents submitted for the Renewal Application. On an unknown date in 2013,
14 the Bureau notified Respondent that the March 11, 2013 response was incomplete and would not
15 be accepted.

16 6. On or about January 9, 2014, the Bureau sent a deficiency letter to Respondent,
17 explaining that the Bureau was unable to grant the Renewal Application at that time, and outlined
18 the identified deficiencies pursuant to sections of the California Education Code and Title 5 of the
19 California Code of Regulations.

20 7. On or about January 30, 2015, the Bureau issued to Respondent a Notice of Denial of
21 Application for Renewal of Approval to Operate. On or about March 25, 2015, the Bureau
22 received a letter from Respondent requesting an administrative hearing.

23
24
25
26 ¹ Although Modica did not take ownership of the institution until December 11, 2014, at
27 all times relevant herein prior to that date, Modica was the institution’s contact person,
28 representative, and agent for service of process. Therefore, Moler Barber College is hereinafter
referred as Respondent, regardless of when the change in ownership occurred.

1 **JURISDICTION AND STATUTORY PROVISIONS**

2 8. This Statement of Issues is brought before the Director of the Department of
3 Consumer Affairs (“Director”) for the Bureau for Private Postsecondary Education, under the
4 authority of the following laws. All section references are to the California Education Code²
5 (“Code”) unless otherwise indicated.

6 9. Code section 94891 states:

7 “(a) The bureau shall adopt by regulation the process and procedures whereby an
8 institution may obtain a renewal of an approval to operate.

9 (b) To be granted a renewal of an approval to operate, the institution shall
demonstrate its continued capacity to meet the minimum operating standards.

10 (c) (1) An institution that is denied renewal of an approval to operate may file an
11 appeal in accordance with the procedures established by the bureau pursuant to
Section 94888.

12 (2) An institution that has filed an appeal of a denial of a renewal application may
13 continue to operate during the appeal process, but must disclose in a written
14 statement, approved by the bureau, to all current and prospective students, that the
15 institution’s application for renewal of approval to operate was denied by the
16 bureau because the bureau determined the application did not satisfy the
requirements to operate in California, that the institution is appealing the bureau’s
decision, and that the loss of the appeal may result in the institution’s closure.

17 (3) If the bureau determines that the continued operation of the institution during
18 the appeal process poses a significant risk of harm to students, the bureau shall
make an emergency decision pursuant to its authority provided in Section 94938.”

19 10. Code section 94897 states, in pertinent part:

20 "An institution shall not do any of the following:

21 ...

22 “(p) Offer an associate, baccalaureate, master’s, or doctoral degree without
23 disclosing to prospective students prior to enrollment whether the institution or
the degree program is unaccredited and any known limitation of the degree,
including, but not limited to, all of the following:

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

26 ² Effective January 1, 2015, in accordance with SB1247, the California Private
27 Postsecondary Education Act of 2009 was amended. As the denial was issued on January 30,
28 2015, all citations are to the current version of the California Private Postsecondary Education Act
of 2009.

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

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

5 11. Code section 94909 states, in pertinent part:

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

8 ...

9 "(3) The following statements:

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

13 ...

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

17 ...

18 "(14) A description of the student's rights and responsibilities with respect to the
19 Student Tuition Recovery Fund. This statement shall specify that it is a state
requirement that a student who pays his or her tuition is required to pay a state-
20 imposed assessment for the Student Tuition Recovery Fund. This statement shall
also describe the purpose and operation of the Student Tuition Recovery Fund and
the requirements for filing a claim against the Student Tuition Recovery Fund."

21 (15) The following statement:

22 "NOTICE CONCERNING TRANSFERABILITY OF CREDITS AND
23 CREDENTIALS EARNED AT OUR INSTITUTION

24 The transferability of credits you earn at (name of institution) is at the complete
25 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
26 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
27 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
28 should make certain that your attendance at this institution will meet your
educational goals. This may include contacting an institution to which you may

1 seek to transfer after attending (name of institution) to determine if your (credits
or degree, diploma, or certificate) will transfer.”

2 “(16) A statement specifying whether the institution, or any of its degree
3 programs, are accredited by an accrediting agency recognized by the United States
4 Department of Education. If the institution is unaccredited and offers an associate,
5 baccalaureate, master’s, or doctoral degree, or is accredited and offers an
6 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:

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

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

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

12 ...

12. Code section 94911 states:

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

14 (a) The name of the institution and the name of the educational program,
15 including the total number of credit hours, clock hours, or other increment
required to complete the educational program.

16 (b) A schedule of total charges, including a list of any charges that are
17 nonrefundable and the student’s obligations to the Student Tuition Recovery
Fund, clearly identified as nonrefundable charges.

18 (c) In underlined capital letters on the same page of the enrollment agreement in
19 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
20 the total charges the student is obligated to pay upon enrollment.

21 (d) A clear and conspicuous statement that the enrollment agreement is legally
binding when signed by the student and accepted by the institution.

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

25 (2) The disclosure shall contain the institution’s refund policy and a statement
26 that, if the student has received federal student financial aid funds, the student is
entitled to a refund of moneys not paid from federal student financial aid program
27 funds.
28

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

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

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

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

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

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

12 (i) (1) The following statement: "Prior to signing this enrollment agreement, you
13 must be given a catalog or brochure and a School Performance Fact Sheet, which
14 you are encouraged to review prior to signing this agreement. These documents
15 contain important policies and performance data for this institution. This
16 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."

17 (2) Immediately following the statement required by paragraph (1), a line for the
18 student to initial, including the following statement: "I certify that I have received
19 the catalog, School Performance Fact Sheet, and information regarding
20 completion rates, placement rates, license examination passage rates, 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."

21 (j) The following statements:

22 (1) "Any questions a student may have regarding this enrollment agreement that
23 have not been satisfactorily answered by the institution may be directed to the
Bureau for Private Postsecondary Education at (address), Sacramento, CA (ZIP
Code), (Internet Web site address), (telephone and fax numbers)."

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

27 (k) The following statement above the space for the student's signature:
28

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

5 **REGULATORY PROVISIONS**

6 13. California Code of Regulations (Cal. Code Regs.), title 5, section 71700 states:

7 "The Bureau may request that an institution document compliance with the
8 standards set forth in the Act and this Division to obtain and maintain an approval
9 to operate."

10 14. Cal. Code Regs., tit. 5, section 71475 states, in pertinent part:

11 ...

12 "(b) An institution seeking to renew its Approval to Operate pursuant to section
13 94891 of the Code shall, prior to its expiration, complete and submit to the Bureau
14 the "Application for Renewal of Approval to Operate and Offer Educations
15 Programs for Non-Accredited Institutions," Form Application 94891 (rev. 2/10)."

16 ...

17 "(e) The institution shall submit at the time it applies for renewal current financial
18 statements that meet the requirements of section 74115 as follows: (1) for an
19 institution with annual gross revenues of \$500,000 and over, statements shall be
20 audited; (2) for an institution with annual gross revenues less than \$500,000,
21 statements shall be reviewed."

22 ...

23 "(kk) An incomplete application filed under this section will render the institution
24 ineligible for renewal."

25 15. Cal. Code Regs., tit. 5, section 71750 states, in pertinent part:

26 ...

27 "(b) An institution may not enforce any refund policy that is not specified in the
28 catalog as required pursuant to section 94909(a)(8)(B) of the Code, and must
refund all institutional charges upon a student's withdrawal. Withdrawal policy
procedures pursuant to section 94909(a)((8)(B) of the Code shall include, at a
minimum: the acceptable methods of delivery of a notice to withdraw; whether
withdrawal can be accomplished by conduct, and if so, how; the position or
positions to whom the notice to withdraw must be delivered; and the date that the
notice to withdraw is considered effective, which shall be no later than the date
received by the institution.

(c) A pro rata refund pursuant to section 94919(c) or 94920(d) or 94927 of the
Code shall be no less than the total amount owed by the student for the portion of
the educational program provided subtracted from the amount paid by the student,
calculated as follows:

1 (1) The amount owed equals the daily charge for the program (total institutional
2 charge, divided by the number of days or hours in the program), multiplied by the
number of days student attended, or was scheduled to attend, prior to withdrawal.

3 (2) Except as provided for in subdivision (a)(3) of this section, all amounts paid
4 by the student in excess of what is owed as calculated in subdivision (a)(1) shall
be refunded.

5 (3) Except as provided herein, all amounts that the student has paid shall be
6 subject to refund unless the enrollment agreement and the refund policy outlined
7 in the catalog specify amounts paid for an application fee or deposit not more than
8 \$250.00, books, supplies, or equipment, and specify whether and under what
9 circumstances those amounts are non-refundable. Except when an institution
provides a 100% refund pursuant to section 94919(d) or section 94920(b) of the
Code, any assessment paid pursuant to section 94923 of the Code is non-
refundable.

10 (4) For purposes of determining a refund under the Act and this section, a student
11 shall be considered to have withdrawn from an educational program when he or
12 she withdraws or is deemed withdrawn in accordance with the withdrawal policy
stated in its catalog.

13 (d) If an institution has collected money from a student for transmittal on the
14 student's behalf to a third party for a bond, library usage, or fees for a license,
15 application, or examination and the institution has not paid the money to the third
16 party at the time of the student's withdrawal or cancellation, the institution shall
refund the money to the student within 45 days of the student's withdrawal or
cancellation.”

17 ...

18 16. Cal. Code Regs., tit. 5, section 71800 states, in pertinent part:

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

21 ...

22 “(e) Itemization of all institutional charges and fees including, as applicable:

23 (1) tuition;

24 (2) registration fee (non-refundable);

25 (3) equipment;

26 (4) lab supplies or kits;

27 (5) Textbooks, or other learning media;

28 (6) uniforms or other special protective clothing;

(7) in-resident housing;

(8) tutoring;

- 1 (9) assessment fees for transfer of credits;
2 (10) fees to transfer credits;
3 (11) Student Tuition-Recovery Fund fee (non-refundable);
4 (12) any other institutional charge or fee.
5 (f) Charges paid to an entity other than an institution that is specifically required
6 for participation in the educational program.”

7 17. Cal. Code Regs., tit. 5, section 74115 states, in pertinent part:

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

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

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

18 (2) Financial statements prepared on an annual basis as required by section
19 74110(b) shall be prepared in accordance with the generally accepted accounting
20 principles established by the American Institute of Certified Public Accountants.
21 Nonprofit institutions shall provide annual financial statements as required under
22 generally accepted accounting principles for nonprofit organizations.

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

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

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

...

18. Cal. Code Regs., tit. 5, section 76215 states, in pertinent part:

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

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

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

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

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

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

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

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

16 “The State of California created the Student Tuition Recovery Fund (STRF) to
17 relieve or mitigate economic losses suffered by students in educational programs
18 who are California residents, or are enrolled in a residency programs attending
19 certain schools regulated by the Bureau for Private Postsecondary and Vocational
20 Education.”

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

24 1. The school closed before the course of instruction was completed.

25 2. The school's failure to pay refunds or charges on behalf of a student to a third
26 party for license fees or any other purpose, or to provide equipment or materials
27 for which a charge was collected within 180 days before the closure of the school.

28 3. The school's failure to pay or reimburse loan proceeds under a federally
guaranteed student loan program as required by law or to pay or reimburse
proceeds received by the school prior to closure in excess of tuition and other
costs.

4. There was a material failure to comply with the Act or this Division within 30
days before the school closed or, if the material failure began earlier than 30 days
prior to closure, the period determined by the Bureau.

5. An inability after diligent efforts to prosecute, prove, and collect on a judgment
against the institution for a violation of the Act.”

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

1 **FIRST CAUSE FOR DENIAL OF APPLICATION**

2 **(Exemplars of Student Agreements)**

3 19. Respondent's Renewal Application is subject to denial under Code sections 94891,
4 subdivision (b), 94909, subdivision (a)(3)(A) and (C), 94909, subdivision (a)(15), 94911,
5 subdivisions (b)-(k), and Cal. Code Regs., tit. 5, sections 71750, subdivisions (b)-(d), 71800
6 subdivisions (e) and (f), in that Respondent failed to meet the minimum operating standards by
7 lacking the proper documentation as follows:

8 a. Code section 94909 subdivision (a)(3)(A) and (C): Respondent failed to provide
9 an enrollment agreement that includes required statements directing students to the Bureau for
10 unanswered questions and for filing a complaint with the Bureau.

11 b. Code section 94909 subdivision (a)(15): Respondent failed to provide an
12 enrollment agreement that includes the transferability disclosure that is required to be included in
13 the school catalog.

14 c. Code section 94911 subdivision (b): Respondent failed to provide an enrollment
15 agreement that includes a schedule of total charges, including a list of nonrefundable charges and
16 the student's obligation to the Student Tuition Recovery Fund, clearly identified as a
17 nonrefundable charge.

18 d. Code section 94911 subdivision (c): Respondent failed to provide an enrollment
19 agreement that includes in underlined capital letters on the same page as the student's signature:
20 (1) total charges for the current period of attendance, (2) estimated total charges for the entire
21 educational program, and (3) the total charges the student is obligated to pay upon enrollment.

22 e. Code section 94911 subdivision (d): Respondent failed to provide an enrollment
23 agreement that includes a clear and conspicuous statement that the enrollment agreement is
24 legally binding when signed by the student and accepted by the institution.

25 f. Code section 94911 subdivision (e)(1)-(3): Respondent failed to provide an
26 enrollment agreement that includes the following disclosures: (1) A clear and conspicuous
27 caption, "STUDENT'S RIGHT TO CANCEL," under which it is explained that the student has
28 the right to cancel and obtain a refund of charges paid through attendance at the first class session,

1 or the seventh day after enrollment, whichever is later; (2) The institution's refund policy and
2 statement that, if the student has received federal student aid funds, the student is entitled to a
3 refund of moneys not paid from federal student financial aid program funds; and (3) a description
4 of the procedures that a student is required to follow to cancel the enrollment agreement or
5 withdraw from the institution and obtain a refund.

6 g. Code section 94911 subdivision (f): Respondent failed to provide an enrollment
7 agreement that includes a statement specifying that, if the student obtains a loan to pay for an
8 educational program, the student will have the responsibility to repay the full amount of the loan
9 plus interest, less the amount of any refund.

10 h. Code section 94911 subdivision (g)(1)-(2): Respondent failed to provide an
11 enrollment agreement that includes a statement specifying that, if the student defaults on a federal
12 or state loan, both the following may occur: (1) The federal or state government or a loan
13 guarantee agency may take action against the student, including applying any income tax refund to
14 which the person is entitled to reduce the balance owed on the loan, and (2) The student may not
15 be eligible for any other federal student financial aid at another institution or other governmental
16 financial assistance until the loan is repaid.

17 i. Code sections 94911, subdivision (h) and 94909, subdivision (a)(15):
18 Respondent failed to provide an enrollment agreement that includes the transferability disclosure
19 that is required to be included in the school catalog.

20 j. Code section 94911, subdivision (i)(1) and (2): Respondent failed to provide an
21 enrollment agreement that includes required statements regarding information received by the
22 student from the institution, and a line for the student to initial.

23 k. Code sections 94911, subdivision (j)(1)-(2) and 94909, subdivision (a)(3)(A)
24 and (C): Respondent failed to provide an enrollment agreement that includes required statements
25 directing students to the Bureau for unanswered questions and for filing a complaint with the
26 Bureau.

27 l. Code section 94911, subdivision (k): Respondent failed to provide an
28 enrollment agreement that includes the required statement: "I understand that this is a legally

1 binding contract. My signature below certifies that I have read, understood, and agreed to my
2 rights and responsibilities, and that the institution's cancellation and refund policies have been
3 clearly explained to me," and also failed to provide a line for the student's signature.

4 m. Cal. Code Regs., tit. 5, section 71750, subdivisions (b) - (d): Respondent failed
5 to provide an enrollment agreement that includes the period covered by the enrollment agreement,
6 the program start date and scheduled completion date, and the date by which the student must
7 exercise his or her right to cancel or withdraw, and refund policy.

8 n. Cal. Code Regs., tit. 5, section 71800, subdivisions (e) and (f): Respondent
9 failed to provide an enrollment agreement that includes the itemization of all institutional charges
10 and fees.

11 **SECOND CAUSE FOR DENIAL OF APPLICATION**

12 **(Financial Resources and Statements)**

13 20. Respondent's Renewal Application is subject to denial under Code section 94891,
14 subdivision (b), and Cal. Code Regs., tit. 5, sections 71475, subdivision (e) and 74115,
15 subdivision (b)(1), in that Respondent failed to meet the minimum operating standards by lacking
16 the proper documentation as follows: On or about March 11, 2013, Respondent provided a faxed
17 copy of a letter from CPA firm Thompson Noble Company confirming the understanding of
18 contractual services between Respondent and Thompson Noble. Respondent failed to submit the
19 required audited or reviewed financial statements.

20 **THIRD CAUSE FOR DENIAL OF APPLICATION**

21 **(Catalog)**

22 21. Respondent's Renewal Application is subject to denial under Code sections 94891,
23 subdivision (b), 94897(p), 94909(a)(14) and (16), and Cal. Code Regs., tit. 5, sections 76215,
24 subdivisions (a) and (b), in that Respondent failed to meet the minimum operating standards by
25 lacking the proper documentation as follows:

26 a. Code section 94909, subdivision (a)(16) and 94897, subdivision (p):
27 Respondent failed to provide a catalog that includes a statement specifying whether the institution
28

1 or any of its degree programs are accredited by an accrediting agency recognized by the United
2 States Department of Education.

3 b. Code section 94909, subdivision (a)(14) and Cal. Code Regs., tit. 5, section
4 76215 (a) and (b): Respondent failed to provide a catalog that includes specific required language
5 related to the Student Tuition Recovery Fund (STRF).

6 **PRAAYER**

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

- 10 1. Denying the application of Keno Modica, owner Moler Barber College for a Renewal
11 of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions; and
12 2. Taking such other and further action as deemed necessary and proper.

13
14 DATED: 9/24/15



15 JOANNE WENZEL
16 Chief
17 Bureau for Private Postsecondary Education
18 Department of Consumer Affairs
19 State of California
20 *Complainant*

21 SA2015103476
22 11972781.doc
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