



**Bureau for Private Postsecondary Education**  
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**APPEAL OF CITATION INFORMAL CONFERENCE**  
**DECISION: CITATION MODIFIED**

July 16, 2020

Studio Arts, Ltd., Owner  
Studio Arts  
570 West Avenue 26, Suite 425  
Los Angeles, CA 90065

Date of Issuance	Citation Number	Institution Code
July 16, 2020	1920155	48441875

On April 17, 2020, an informal telephone conference was held in the matter of Citation: Assessment of Fine and Order of Abatement No. 1920155 (Citation) against Studio Arts, Ltd., Owner of Studio Arts (Institution). In attendance were Leeza Rifredi, Deputy Bureau Chief, Eric Huelsman, Owner, and Art Morales, General Manager

Pursuant to Business and Professions Code, section 125.9; California Education Code, section 94936; and Title 5 of the California Code of Regulations, section 75020 and section 75040, the Bureau for Private Postsecondary Education (Bureau) renders the following decision relative to your appeal of the Citation No. 1920155.

It is the decision of the Deputy Bureau Chief that on April 20, 2020, Citation No. 1920155 is modified and makes the following change(s):

VIOLATION CODE SECTIONS

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p><b>Violation:</b>  <b>5, CCR Section 71770 (a)(1) – Admissions Standards and Transferred Credits Policy</b>  <i>(a) The institution shall establish specific written standards for student admissions for each educational program. These standards shall be related to the particular educational program. An institution shall not admit any student who is obviously unqualified or who does not appear to have a reasonable prospect of completing the program. In addition to any specific standards for an educational program, the admissions standards must specify as applicable that:</i>  <i>(1) Each student admitted to an undergraduate degree program, or a diploma program, shall possess a high school diploma or its equivalent, or otherwise successfully take and pass the relevant examination as required by section 94904 of the Code.</i></p> <p><b>CEC Section 94904 – Ability to Benefit Students</b>  <i>(a) Except as provided in subdivision (c), before an ability-to-benefit student may execute an enrollment agreement, the institution shall have the student take an independently administered</i></p>

*examination from the list of examinations prescribed by the United States Department of Education pursuant to Section 484(d) of the federal Higher Education Act of 1965 (20 U.S.C. Sec. 1070a et seq.). The student shall not enroll unless the student achieves a score, as specified by the United States Department of Education, demonstrating that the student may benefit from the education and training being offered.*

The Institution failed to ensure students being admitted had a reasonable prospect of completing the program. The Institution did not request high school diplomas or its equivalent, or proof of passing an Ability-to-Benefit exam upon admission.

**Order of Abatement:**

The Bureau orders the Institution to submit an established policy and procedure of how the Institution will maintain future compliance with 5, CCR sections 71770 (a)(1), 71920 (a)(b)(1)(A), and CEC section 94904(a). In addition, the Bureau orders the Institution to submit the name of the ATB test they would like to administer to incoming students and obtain Bureau approval.

**Reason for modification:** New substantive facts were presented at the informal conference.

**New Order of Abatement:**

The Bureau orders the Institution to submit the requirements for the alternate Ability-to-Benefit exam for Bureau approval.

**Assessment of Fine**

The fine for this violation is \$501.00

2.

**Violation:**

**CEC Section 94902 – General Enrollment Requirements**

*(b) An enrollment agreement is not enforceable unless all of the following requirements are met:*

*(1) The student has received the institution’s catalog and School Performance Fact Sheet prior to signing the enrollment agreement.*

*(3) Prior to the execution of the enrollment agreement, the student and the institution have signed and dated the information required to be disclosed in the Student Performance Fact Sheet pursuant to subdivisions (a) to (d), inclusive, of Section 94910. Each of these items in the Student Performance Fact Sheet shall include a line for the student to initial and shall be initialed and dated by the student.*

**CEC 94912 – Signature, Initials Required**

*Prior to the execution of an enrollment agreement, the information required to be disclosed pursuant to subdivisions (a) to (d), inclusive, of Section 94910 shall be signed and dated by the institution and the student. Each of these items shall also be initialed and dated by the student.*

The Institution failed to provide students with a School Performance Fact Sheet (SPFS) prior to signing the enrollment agreement. The Institution stated that they did not provide students with the SPFS prior to enrollment.

**Order of Abatement:**

The Bureau orders the Institution to submit a written policy on how the Institution will maintain future compliance with CEC Sections 94902 and 94912.

**Assessment of Fine**

The fine for this violation is \$1,000.00

3.	<p><b><u>DISMISSED</u></b>  <b><u>Violation:</u></b>  5, CCR Section 74112(e)(2)– Uniform Data – Annual Report, Performance Fact Sheet  <i>(e) Reporting periods:</i>  <i>(2) A Performance Fact Sheet shall be current and available not later than December 1st, and shall report data for the previous two calendar years based upon the “number of students who began the program,” as defined in subdivision (d)(1) of this section and were scheduled to graduate in the reported year(s).</i></p> <p>The Institution failed to have current and available School Performance Fact Sheets for 180 of their 196 approved educational programs for the 2014-2015 calendar years.</p> <p><b><u>Order of Abatement:</u></b>  The Bureau orders the Institution to submit a written policy of how the Institution will maintain the supporting documentation for all future SPFS, per 5, CCR section 74112.</p> <p><b><u>Assessment of Fine</u></b>  The fine for this violation is <u>\$5,000.00</u>.</p> <p><b><u>Reason for modification:</u></b> New substantive facts were presented at the informal conference</p>
4.	<p><b><u>Violation:</u></b>  <b>5, CCR Section 74112(i)(3)– Uniform Data – Annual Report, Performance Fact Sheet</b>  <i>(i) Job Placement Rates</i>  <i>(3) If the institution makes any claim related to preparing students for a job or regarding job placement, the list required by section 94910(f)(2) of the Code shall identify the employment positions by using the Detailed Occupation or six-digit level of the Standard Occupational Classification codes.</i></p> <p>The Institution failed to identify the Standard Occupational Classification codes for the employment positions they are claiming to prepare students for on the 2014-2015 School Performance Fact Sheets.</p> <p><b><u>Order of Abatement:</u></b>  The Bureau orders the Institution to submit a written policy of how the Institution will maintain future compliance per 5, CCR section 74112.</p> <p><b><u>Assessment of Fine</u></b>  The fine for this violation is <u>\$501.00</u>.</p>
5.	<p><b><u>DISMISSED</u></b>  <b><u>Violation:</u></b>  <b>5, CCR Section 74112(m)(1)(2)(9) – Uniform Data – Annual Report, Performance Fact Sheet</b>  <i>(m) Documentation supporting all data reported shall be maintained electronically by the institution for at least five years from the last time the data was included in either an Annual Report or a Performance Fact Sheet, and shall be provided to the Bureau upon request; and the data for each program shall include at a minimum:</i>  <i>(1) the list of job classifications determined to be considered gainful employment for the educational program;</i>  <i>(2) student name(s), address, phone number, email address, program completed, program start date, scheduled completion date, and actual completion dates;</i>  <i>(9) the name, email address, phone number, and position or title of the institution's representative who</i></p>

was primarily responsible for obtaining the students' completion, placement, licensing, and salary and wage data, the date that the information was gathered, and copies of notes, letters or emails through which the information was requested and gathered.

The Institution failed to provide supporting documentation for CCR Section 74112 (m)(1)(2)(9) on their 2014-2015 SPFS.

**Order of Abatement:**

The Bureau orders the Institution to submit a written policy of how the Institution will maintain the supporting documentation for all future SPFS, per 5, CCR section 74112.

**Assessment of Fine**

The fine for this violation is \$501.00

**Reason for modification:** New substantive facts were presented at the informal conference.

6. **Violation:**

**5, CCR Section 76130 (a-e)- Collection and Submission of Assessments**

*“(a) A qualifying institution shall collect the assessment from each student in an educational program at the time it collects the first payment from or on behalf of the student at or after enrollment. The assessment shall be collected for the entire period of enrollment, regardless of whether the student pays the institutional charges in increments.*

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

*(1) April 30 for the first quarter,*

*(2) July 31 for the second quarter,*

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

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

*If the due date falls on a Saturday, Sunday, or State or federal holiday, the due date shall be extended to the next regular business day for the Bureau.*

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

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

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

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

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

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

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

*(7) A declaration dated and signed under penalty of perjury by the person preparing the form that the form and any attachments are true and correct.*

*(d) In the event of a school closure, any collected assessments shall be remitted to the Bureau within seven days following the cessation of instruction.*

*(e) Submission of all prior reports and assessments required by this section is a condition of renewal.”*

The Institution has failed to submit STRF Assessment Reporting Forms for the following quarters:

- Second and Third Quarters of 2017; and
- Fourth Quarter of 2019

On June 29, 2017, the Institution was notified via mail at 570 West Avenue 26, Suite 425, Los Angeles, CA 90065, that the STRF Assessment Reporting Form for the 2<sup>nd</sup> quarter of 2017 was due. As of February 20, 2020, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

On October 2, 2017, the Institution was notified via mail at 570 West Avenue 26, Suite 425, Los Angeles, CA 90065, that the STRF Assessment Reporting Form for the 3<sup>rd</sup> quarter of 2017 was due. As of February 20, 2020, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

On December 19, 2019, the Institution was notified via mail at 570 West Avenue 26, Suite 425, Los Angeles, CA 90065, that the STRF Assessment Reporting Form for the 4<sup>th</sup> quarter of 2019 was due. As of February 20, 2020, the Bureau has not received the STRF Assessment Reporting Form from the Institution.

**Order of Abatement:**

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

**Reason for modification:** New substantive facts were presented at the informal conference. The Order of Abatement has been satisfied.

**Assessment of Fine**

The fine for this violation is \$50.00

**TOTAL MODIFIED ADMINISTRATIVE FINE DUE: \$2,052.00**

**ORDER OF ABATEMENT**

**The Bureau orders that you comply with the orders described in the ‘Violation Code Sections’ of this document and submit evidence of compliance within 30 days from the date of this decision.**

**PENALTY – ASSESSMENT OF A FINE**

**Payment of the administrative fine is due within 30 days from the date of this decision.** Please complete the Payment of Fine form. Payment must be made to the Bureau by check, or money order. Please include the citation number on the payment of the fine assessment. Payment of the administrative fine shall not constitute an admission of the violation(s) charged and shall be represented as satisfactory resolution of the matter for purposes of public disclosure. Payments may be mailed to:

Gabriella Perez, Discipline Citation Program  
Bureau for Private Postsecondary Education  
1747 N. Market Blvd., Suite 225  
Sacramento, CA 95834

APPEAL OF CITATION

You *do not* have the right to request another Informal Conference to appeal this modified Citation. You *do*, however, have the right to appeal this affirmed or modified Citation through an Administrative Hearing. A hearing before an Administrative Law Judge will be scheduled and you will be notified of the hearing date. The hearing will be held pursuant to Chapter 5 (commencing with section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you do not wish to appeal this modified Citation you must withdraw your initial request for an Administrative Hearing, if one was made. Please complete and mail the enclosed Withdrawal – Request for Administrative Hearing within **30 Days** of the date of this decision.

EFFECTIVE DATE OF CITATION AND FINE ASSESSMENT

This modified Citation is effective on July 16, 2020. The Order of Abatement and payment are due by **August 15, 2020**

Failure to abate the violation or to pay the administrative fine within the time allowed is grounds for denial of an application for an approval to operate or discipline. The Bureau will promptly take all appropriate action to enforce the Modified Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this decision or desire further information, please contact Gabriella Perez, Citation Analyst, at (916) 574-8969 or at Gabriella.Perez@dca.ca.gov.

“Original signature on file”

“7/16/2020”

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

\_\_\_\_\_  
**Date**

Enclosures

- Payment of Fine – Waiver of Appeal Rights
- Withdrawal- Request for Administrative Hearing
- Declaration of Service by Certified and First-Class Mail