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7
8 **BEFORE THE**
DEPARTMENT OF CONSUMER AFFAIRS
9 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**
STATE OF CALIFORNIA

10
11 In the Matter of the Statement of Issues
Against:

Case No. 1002260

12 **DOLPHIN TRUCKING SCHOOL**

STATEMENT OF ISSUES

13
14 **Renewal of Approval to Operate and Offer**
Educational Programs for Non-Accredited
15 **Institutions, School Code Applicant**

16 **Institution Code 36348745**

17 Respondent.

18
19
20 Complainant alleges:

21 **PARTIES**

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

25 2. On or about February 14, 2012, the Bureau for Private Postsecondary Education
26 received an Application for Renewal of Approval to Operate and Offer Educational Programs for
27 Non-Accredited Institutions, School Code 36348745 from Dolphin Trucking School
28

1 (Respondent). Carla Galvez (Director) did not sign the application. After several attempts by the
2 Respondent to rectify the deficiencies, the Bureau denied the application on November 10, 2016.

3 **JURISDICTION**

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

8 4. California Education Code section 94885 states:

9 “(a) The bureau shall adopt by regulation minimum operating standards for an institution
10 that shall reasonably ensure that all of the following occur:

11 “(1) The content of each educational program can achieve its stated objective.”

12

13 “(9) The institution is maintained and operated in compliance with this chapter and all
14 other applicable ordinances and laws.”

15 5. California Education Code section 94887 states:

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

21 **REGULATIONS**

22 6. Title 5 of the California Code of Regulations, section 71700 states:

23 “The Bureau may request that an institution document compliance with the standards set
24 forth in the Act and this Division to obtain and maintain an approval to operate.”

25 7. Title 5 of the California Code of Regulations, section 71475 subdivision (e) states:

26 “... ”

27 “(e) The institution shall submit at the time it applies for renewal current financial
28 statements that meet the requirements of section 74115 as follows: (1) for an institution with

1 annual gross revenues of \$500,000 and over, statements shall be audited; (2) for an institution
2 with annual gross revenues less than \$500,000, statements shall be reviewed.

3 "...."

4 8. Title 5 of the California Code of Regulations, section 71745 states:

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

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

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

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

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

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

13 (6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the
14 end of the most recent fiscal year when using generally accepted accounting principles, or for an
15 institution participating in Title IV of the federal Higher Education Act of 1965, meet the
16 composite score requirements of the U.S. Department of Education. For the purposes of this
17 section, current assets does not include: intangible assets, including goodwill, going concern
18 value, organization expense, startup costs, long-term prepayment of deferred charges, and non-
19 returnable deposits, or state or federal grant or loan funds that are not the property of the
20 institution but are held for future disbursement for the benefit of students. Unearned tuition shall
21 be accounted for in accordance with general accepted accounting principles.

22 (b) At an institution's request, the Bureau may consider the financial resources of a parent
23 company if the parent company, as defined by section 94853 of the Code, meets and maintains all
24 of the following provisions:

25 (1) consents in writing to be sued in California;

26 (2) consents in writing to be subject to the jurisdiction of the Bureau with respect to the
27 institution's regulation under the Act and this Chapter;

28 (3) designates and maintains an agent for service of process, consistent with section 74190;

1 (4) agrees in writing to pay any refund, claim, penalty, or judgment that the institution is
2 obligated to pay; and

3 (5) files financial reports, maintains financial records, and consents in writing to permit the
4 inspection and copying of financial records to the same extent as is required of the institution.

5 (c) An institution shall provide to the Bureau its most current financial statements upon
6 request.

7 9. Title 5 of the California Code of Regulations, section 74115, subdivision (b)(3) states:

8 "...

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

12 "...

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

15 "...."

16 **CAUSE FOR DENIAL OF APPLICATION**

17 (Failure to Maintain Proper Ratio of Current Assets to Current Liabilities)

18 10. Respondent's application is subject to denial under Title 5 of the California Code of
19 Regulations, sections 71745, 71475 subdivision (e) and 74115, subdivision (b)(3) in that
20 Respondent failed to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or
21 greater at the end of the most recent fiscal year when using generally accepted accounting
22 principles, or for an institution participating in Title IV of the federal Higher Education Act of
23 1965, meet the composite score requirements of the U.S. Department of Education. The
24 circumstances are as follows:

25 a. Respondent provided financial statements that did not support its ability to
26 maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the
27 most recent fiscal year. The reviewed financial statements received on May 15, 2017, reported a
28

1 ratio of the current assets to current liabilities of .98:1.00. Therefore, present a ratio of current
2 assets to current liabilities remain deficient.

3 **PRAYER**

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

7 1. Denying the application of Dolphin Trucking School, school code 36348745 for a
8 Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited
9 Institutions, and

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

11
12 DATED: 8/29/2017

Leeza Riferedi
13 LEEZA RIFREDI
14 Deputy Chief
15 Bureau for Private Postsecondary Education
16 Department of Consumer Affairs
17 State of California
18 *Complainant*

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