



Bureau for Private Postsecondary Education
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CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

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

INSTITUTION CODE: 48441875

CITATION NUMBER: 1920155

CITATION ISSUANCE/SERVICE DATE: February 20, 2020

DUE DATE: March 21, 2020

FINE AMOUNT: \$ 7,553.00

ORDER OF ABATEMENT INCLUDED: YES

Christina Villanueva issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Discipline Manager of the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Studio Arts, Ltd., Owner of Studio Arts (Institution) located at 570 West Avenue 26, Suite 425, Los Angeles, CA 90065 pursuant to Business and Professions Code section 125.9; California Education Code (CEC) section 94936; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violations described below.

BACKGROUND

On October 24, 2017 Bureau staff conducted an announced Compliance inspection at the Institution. As a result of minor violations that were unable to be cleared before the end of the inspection, the Institution was issued a Notice to Comply #CA 48441875 1017 (NTC). At the conclusion of the inspection, material violations remained.

In addition, all institutions are required to submit a Student Tuition Recovery Fund (STRF) Assessment Reporting Form to the Bureau no later than the last day of the month following the close of the quarter.

Pursuant to CEC section 94923(a) The Student Tuition Recovery Fund relieves or mitigates economic loss suffered by a student while enrolled in an institution not exempt from this article pursuant to Article 4 (commencing with section 94874), who, at the time of his or her enrollment, was a California resident or was enrolled in a California residency program, prepaid tuition, and suffered economic loss.

The Bureau sends notifications/reminders to all approved institutions 30 days prior to close of each quarter.

As of December 9, 2019, the Institution has not submitted the STRF Assessment Reporting Forms for the 2nd and 3rd quarters of 2017, and 4th quarter of 2019.

VIOLATIONS

#	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><u>Violation:</u> 5, CCR Section 71770 (a)(1) – Admissions Standards and Transferred Credits Policy <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>CEC Section 94904 – Ability to Benefit Students <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 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.</i></p> <p style="color: red;">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.</p> <p><u>Order of Abatement:</u> 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.</p> <p><u>Assessment of Fine</u> The fine for this violation is <u>\$501.00</u></p>
2.	<p><u>Violation:</u> CEC Section 94902 – General Enrollment Requirements <i>(b) An enrollment agreement is not enforceable unless all of the following requirements are met:</i> <i>(1) The student has received the institution’s catalog and School Performance Fact Sheet prior to signing the enrollment agreement.</i> <i>(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</i></p>

	<p>Sheet shall include a line for the student to initial and shall be initialed and dated by the student.</p> <p>CEC 94912 – Signature, Initials Required <i>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.</i></p> <p>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.</p> <p><u>Order of Abatement:</u> The Bureau orders the Institution to submit a written policy on how the Institution will maintain future compliance with CEC Sections 94902 and 94912.</p> <p><u>Assessment of Fine</u> The fine for this violation is <u>\$1,000.00</u></p>
3.	<p><u>Violation:</u> 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><u>Order of Abatement:</u> 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><u>Assessment of Fine</u> The fine for this violation is <u>\$5,000.00</u></p>
4.	<p><u>Violation:</u> 5, CCR Section 74112(i)(3)– Uniform Data – Annual Report, Performance Fact Sheet <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><u>Order of Abatement:</u> 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><u>Assessment of Fine</u> The fine for this violation is <u>\$501.00</u></p>
5.	<p><u>Violation:</u> 5, CCR Section 74112(m)(1)(2)(9) – Uniform Data – Annual Report, Performance Fact Sheet <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 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.</i></p> <p>The Institution failed to provide supporting documentation for CCR Section 74112 (m)(1)(2)(9) on their 2014-2015 SPFS.</p> <p><u>Order of Abatement:</u> 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><u>Assessment of Fine</u> The fine for this violation is <u>\$501.00</u></p>
6.	<p><u>Violation:</u> 5, CCR Section 76130 (a-e)– Collection and Submission of Assessments <i>“(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.</i> <i>(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:</i> <i>(1) April 30 for the first quarter,</i> <i>(2) July 31 for the second quarter,</i> <i>(3) October 31 for the third quarter, and</i> <i>(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.</i> <i>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.</i> <i>(c) The STRF Assessment Reporting Form shall contain the following information:</i> <i>(1) Total number of students who signed enrollment agreements for educational programs during the reporting period; and</i> <i>(2) Total number of students eligible for STRF who signed enrollment agreements for educational programs during the reporting period; and</i> <i>(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</i> <i>(4) The total number of students who signed their enrollment agreement in a previous reporting</i></p>

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 2nd 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 3rd 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 4th 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.

Assessment of Fine

The fine for this violation is \$50.00

TOTAL ADMINISTRATIVE FINE DUE: \$7,553.00

ASSESSMENT OF A FINE

In accordance with CEC section 94936; and 5, CCR sections 75020 and 75030, the Bureau hereby orders this assessment of fine in the amount of **\$7,553.00** for the violations described above.

Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.

COMPLIANCE WITH ORDER OF ABATEMENT

In accordance with the provisions of CEC section 94936 and 5, CCR section 75020 the Bureau hereby issues the order(s) of abatement described above. **Evidence of compliance with the order of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

APPEAL OF CITATION

You have the right to contest this Citation through an informal conference with the Bureau; and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference **and/or** Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference **and/or** an administrative hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.*

Unless a written request for an informal conference **and/or** an administrative hearing is signed by you and delivered to the Bureau by January 8, 2020, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **February 20, 2020**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **March 21, 2020**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.

Payment of the administrative fine and/or written request for appeal must be mailed to:

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

Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this 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 Citation, or desire further information, please contact Gabriella Perez, Citation Analyst, at (916) 574-8969 or Gabriella.Perez@dca.ca.gov.

“Original signature on file”

“2/20/2020”

Christina Villanueva
Discipline Manager

Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine – Waiver of Appeal
- Declaration of Service by Certified and First-Class Mail