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

To: Elie Schoppik
Rithm School
3338 17th Street Suite 100
San Francisco, CA 94110

INSTITUTION CODE: Unapproved
CITATION NUMBER: 1718028
CITATION ISSUANCE/SERVICE DATE: April 27, 2018
DUE DATE: May 27, 2018
FINE AMOUNT: $ 100,000.00
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 for the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to Elie Schoppik, Owner of Rithm School (Institution) located at 3338 17th Street Suite 100, San Francisco, CA 94110 pursuant to Business and Professions Code section 125.9 and 149; California Education Code (CEC) section 94944; and Title 5 of the California Code of Regulations (5 CCR) section 75020 for the violation(s) described below.

BACKGROUND

On August 15, 2016, the Bureau received the Institution's Application for Approval to Operate an Institution Non-Accredited. On August 15, 2016, the Bureau Acknowledges receipt of Institution's application. The letter also informed the school that per section 94886, "... 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." Rithm School is operating without approval and is in violation of CEC section 94886.

On September 1, 2016, the Bureau issued an unapproved institution letter which orders the Institution to cease operating as a private postsecondary educational institution.

On July 14, 2017, the Bureau staff arrived at the Institution's location of 3338 17th street, San Francisco, CA 94110 and confirmed the Institution was in operation as there was a class in session.

On July 15, 2017, the Bureau received a copy of the Institution's current student roster and two enrollment agreements listing the tuition as $20,000.00 and $24,000.00.

The Bureau determined the Institution is conducting business as a private postsecondary educational institution based on an unannounced visit to the Institution on July 14, 2017, a copy of the previous and current roster, and two copies of enrollment agreements.

As of January 4, 2018, the Institution continues to operate and offer a professional web development program for $24,000.00.

On February 2, 2018, the Bureau's Licensing Unit issued a deficiency letter to the Institution.

As of April 27, 2018, the Institution has not provided the Bureau a response to the deficiency letter from the Bureau's Licensing Unit.

VIOLATION(S)

#	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.	Violation: **CEC 94886. Approval to Operate Required** *"Except as exempted in Article 4 (commencing with Section 94874) or in compliance with the transition provisions in Article 2 (commencing with 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."* **CEC 94817.5. Approved to Operate or Approved** *"Approved to operate" or "approved" means that an institution has received authorization pursuant to this chapter to offer to the public and to provide postsecondary educational programs."* **CEC 94868. To Offer to the Public** *"To offer to the public" means to advertise, publicize, solicit, or recruit."* **CEC 94869. To Operate** *"To operate" means to establish, keep, or maintain any facility or location in this state where, or from which, or through which, postsecondary educational programs are provided."* **CEC 94857. Postsecondary Education** *"Postsecondary education" means a formal institutional educational program whose curriculum is designed primarily for students who have completed or terminated their secondary education or are beyond the compulsory age of secondary education, including programs whose purpose is academic, vocational, or continuing professional education.* **CEC 94858. Private Postsecondary Educational Institution** *"Private postsecondary educational institution" means a private entity with a physical presence in this state that offers postsecondary education to the public for an institutional charge.* **CEC 94902. General Enrollment Requirements** *(a) A student shall enroll solely by means of executing an enrollment agreement. The enrollment agreement shall be signed by the student and by an authorized employee of the institution.* *(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.
(2) At the time of the execution of the enrollment agreement, the institution held a valid approval to operate.
(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.
(c) A student shall receive a copy of the signed enrollment agreement, in writing or electronically, regardless of whether total charges are paid by the student.

During the Bureau staff's field investigation on July 14, 2017, Bureau staff discovered that the Institution is in operation and had a class in session. During the interview, Elie Schoppik, owner confirmed the Institution has been in operation since 2016 and currently has 16 enrolled students in a web development program.

On July 15, 2017, in response to the Bureau staff's request, Elie Schoppik, owner emailed Bureau staff the list of four different cohorts and two signed current enrollment agreements. The two enrollment agreements for Professional Web Development Training were signed March 13, 2017, with a total program charge of $20,000.00 (student received an additional $4000.00 scholarship) and April 10, 2017, with a total program charge of $24,000.00.

The Institution advertises programs on its website, www.rithmschool.com, on yelp at https://www.yelp.com/biz/rithm-school-san-francisco-2 with the listed address of 3338 17th Street Suite 100, San Francisco, California 94110 and a phone number (415) 633-6662, and on Course Report at https://www.coursereport.com/schools/rithm-school.

Based on the Bureau's investigation, the Institution is conducting business as a private postsecondary educational institution at 3338 17th Street Suite 100, San Francisco, CA 94110, and is not exempt from the provisions of the California Private Postsecondary Act. The Institution advertises a web development program for $24,000.00. As such, the Institution falls under the definition of a private postsecondary educational institution under CEC 94858. Although the Institution submitted an Application for Approval to Operate a Non-Accredited Institution on August 15, 2016, the Institution has not obtained an approval to operate. On August 15, 2016, the Institution was notified in a letter from the Bureau's Licensing Unit that per section 94886, "... 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." As of April 27, 2018, the Institution continues to operate as an unapproved private postsecondary educational institution and has been operating since 2016 and is in violation of CEC section 94886.

Order of Abatement:
The Bureau orders that the Institution cease to operate as a private postsecondary educational institution. The Institution must discontinue recruiting or enrolling students and cease all instructional services and advertising in any form or type of media (including the internet website, www.rithmschool.com), until such time as an approval to operate is obtained from the Bureau. The Institution must disconnect all telephone service for (415) 633-6662 and any other telephone numbers not identified here that are associated with Institution until such time as an approval to operate is obtained from the Bureau. The Institution must provide a refund to all students enrolled at the school prior to the receiving an approval to operate from the bureau as the enrollment agreements signed by the students are not enforceable since the school does not have a valid approval to operate. To comply with the Order of Abatement the Institution must submit a school

	closure plan to the Bureau pursuant to California Education Code 94926 and 94927.5. The Institution must provide a roster of each student currently enrolled at Rithm School. The roster must include the name of the student, their contact information (including phone number, email address and physical address), the program in which they are enrolled, the date of enrollment, the amount paid for the program, and the amount the student was refunded. Assessment of Fine The fine for this violation is $100,000.00
TOTAL ADMINISTRATIVE FINE DUE: $100,000.00	

ASSESSMENT OF A FINE

In accordance with CEC section 94944; and 5 CCR section 75020(b), the Bureau hereby orders this assessment of a fine in the amount of **$100,000.00** 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 5 CCR Section 75020 (b) the Bureau hereby issues the order(s) of abatement described above. In accordance with Business and Professions Code Section 149, the Bureau may disconnect any telephone service numbers used by an unapproved Institution. **Evidence of compliance with the order(s) 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 **May 27, 2018,** 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 **April 27, 2018.** Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **May 27, 2018**. 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:

Gurinder Sandhu, Discipline Citation Program
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

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 Gurinder Sandhu, Citation Analyst, at 916-431-6940 or Gurinder.Sandhu@dca.ca.gov.

Christina Villanueva
Discipline Manager

4/27/18
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