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

10 **STATE OF CALIFORNIA**

11
12
13 In the Matter of the Statement of Issues
Against:
14 **TONI & GUY HAIRDRESSING**
ACADEMY

Case No. 1002692

STATEMENT OF ISSUES

15 **Renewal of Approval to Operate an**
16 **Accredited Institution Applicant**
17 Respondent.

18 Complainant alleges:

19 **PARTIES**

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

23 2. On or about October 22, 2012, the Bureau issued an Approval to Operate an
24 Accredited Institution to Toni & Guy Hairdressing Academy. That license was in effect at all
25 times relevant to the charges brought herein. On or about November 12, 2015, the Bureau for
26 Private Postsecondary Education received a Renewal Application for Approval to Operate an
27 Accredited Institution ("Renewal Application") from Toni & Guy Hairdressing Academy
28 ("Respondent"). On or about November 3, 2015, Toni & Guy Hairdressing Academy, through its

1 Chief Operating Officer and Vice President, certified under penalty of perjury to the truthfulness
2 of all statements, answers, and representations in the application. The Bureau denied the
3 application on May 10, 2017.

4 JURISDICTION

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

9 4. Section 94890 provides:

10 (a)

11 (1) The bureau shall grant an institution that is accredited an approval
12 to operate by means of its accreditation.

13 (2) The bureau shall adopt by regulation the process and procedures
14 whereby an institution that is accredited may apply for and obtain an approval by
15 means of that accreditation. The bureau shall establish application processing goals
16 and timelines to ensure that an institution that has submitted a complete
17 application for approval to operate by means of its accreditation has that
18 application promptly reviewed for compliance within 30 days of the bureau's
19 receipt of the application or within an appropriate timeline as determined by the
20 bureau. The timelines shall ensure that an institution that has submitted a complete
21 and compliant application receives approval within 30 days of the application
22 being deemed compliant by the bureau, or within an appropriate timeline as
23 determined by the bureau.

24 (b) The term of an approval to operate pursuant to this section shall be
25 coterminous with the term of accreditation. Upon renewal of the institution's
26 accreditation, the institution shall submit verification to the bureau, on a form
27 provided by the bureau, that the institution's accreditation has been renewed.

28 (c) Institutions that are granted an approval to operate by means of the
institution's accreditation shall comply with all other applicable requirements in
this chapter.

5. Section 94891 provides in pertinent part:

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

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

6. Section 94934 provides:

(a) As part of the compliance program, an institution shall submit an annual
report to the bureau, under penalty of perjury, signed by a responsible corporate
officer, by July 1 of each year, or another date designated by the bureau, and it

1 shall include the following information for educational programs offered in the
reporting period:

- 2 (1) The total number of students enrolled by level of degree or for a
diploma.
- 3 (2) The number of degrees, by level, and diplomas awarded.
- 4 (3) The degree levels and diplomas offered.
- 5 (4) The Student Performance Fact Sheet, as required pursuant to
6 Section 94910.
- 7 (5) The school catalog, as required pursuant to Section 94909.
- 8 (6) The total charges for each educational program by period of
attendance.
- 9 (7) A statement indicating whether the institution is, or is not, current
10 in remitting Student Tuition Recovery Fund assessments.
- 11 (8) A statement indicating whether an accrediting agency has taken any
final disciplinary action against the institution.
- 12 (9) Additional information deemed by the bureau to be reasonably
13 required to ascertain compliance with this chapter.
- 14 (b) The bureau, by January 1, 2011, shall prescribe the annual report's format
and method of delivery.

15 REGULATIONS

16 7. California Code of Regulations, title 5, section 74110, provides:

- 17 (a) The annual report required by Section 94934 of the Code shall include the
18 information required by sections 94929.5 and 94934 for all educational programs offered
in the prior calendar year, and all of the following for the prior calendar year:
- 19 (1) Information regarding institutional branch campuses, including
20 addresses and programs offered at each campus, if applicable;
- 21 (2) Information regarding satellite locations, including addresses and
with which campus(es) the satellite location is affiliated, if applicable;
- 22 (3) Name of institutional accreditors for each branch and satellite
23 campus, and for each such campus at which any programs have programmatic
accreditation, the names of the programmatic accreditor for each such program, and
24 effective dates for each programmatic accreditation, if applicable;
- 25 (4) Information regarding participation in state and federal student loan
and grant programs, including the total amount of funding received from each source for
26 those students enrolled in an approved California school regardless of their state of
residency;
- 27 (5) Information regarding participation in other public funding
28 programs, including the amount of funding received from each public funding source; for
purposes of this section, public funding is any financial aid paid on behalf of students or

1 directly to an institution from any public source, such as the Workforce Investment Act,
2 any veterans' financial aid programs pursuant to Section 21.4253 of Title 38 of the Code
3 of Federal Regulations or any other financial aid program that is intended to help students
4 pay education-related expenses, including tuition, fees, room and board, and supplies for
5 education; and

6 (6) The total percentage of institutional income that comes from any
7 public funding sources.

8 (b) In addition to the information required by section 94934 and this section provided
9 under penalty of perjury, the institution shall have annual financial statements prepared for the
10 institution's prior fiscal year and signed under penalty of perjury, and shall submit a hard copy
11 under separate cover of such statements in conjunction with its annual report. The form,
12 content and mode of preparation of financial statements shall comply with Section 74115 of
13 this Division. The Bureau may request that the institution immediately make available for
14 inspection to a representative of the Bureau, these financial statements at the offices of the
15 institution.

16 (c) An institution shall file its annual report by December 1st. The Bureau may extend
17 the period for filing if the institution demonstrates evidence of substantial need but in no case
18 longer than 60 days. The institution shall not change the date of its filing its annual report
19 because of a change in the fiscal year without the Bureau's approval.

20 (d) The annual report shall be electronically filed by submitting the information
21 required by section 94934 of the Code and this section via the online form provided on the
22 Bureau's website, electronically attaching, as directed, the School Performance Fact Sheet, the
23 enrollment agreement, and the school catalog.

24 8. California Code of Regulations, title 5, section 71485, provides:

25 Failure of an institution to have made current payments of the assessments to the Student
26 Tuition Recovery Fund as required by chapter 7 of this Division, and annual fees as
27 required by chapter 5 of this Division shall render the institution ineligible for renewal.

28 **FIRST CAUSE FOR DENIAL OF APPLICATION**

(Incomplete Application)

9. Respondent's Renewal Application is subject to denial under section 94890(b) in that
Respondent failed to submit verification that Respondent's accreditation had been renewed. The
circumstances are as follows:

a. On or about November 3, 2015, Respondent's Chief Executive Officer and
Vice President signed its Renewal Application. The Bureau received the Renewal Application on
or about November 12, 2015. The Renewal Application did not include verification that
Respondent's accreditation had been renewed by the National Accrediting Commission of Career
Arts & Sciences ("NACCAS"). On or about November 16, 2015, the Bureau sent Respondent a
deficiency letter advising Respondent that the Renewal Application was incomplete because it

1 lacked a verification letter from NACCAS.

2 b. On or about June 20, 2016, August 11, 2016, and January 6, 2017, the Bureau
3 sent Respondent's Chief Executive Officer e-mails asking for verification of Respondent's
4 accreditation. Respondent never provided verification of its accreditation.

5 **SECOND CAUSE FOR DENIAL OF APPLICATION**

6 **(Failure to Submit STRF Reporting Forms and Fees)**

7 10. Respondent's Renewal Application is subject to denial under section 94891(b) and
8 California Code of Regulations, title 5, section 71485, in that Respondent failed to submit its
9 Student Tuition Recovery Fund ("STRF") reports for the Fourth Quarters of 2015 and 2016, and
10 failed to pay the annual STRF fees for 2012, 2013, 2014, 2015, and 2016, which were required
11 for Respondent to be eligible for renewal.

12 **PRAYER**

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

- 16 1. Denying Toni & Guy Hairdressing Academy's Renewal Application for a Approval
17 to Operate an Accredited Institution;
- 18 2. Taking such other and further action as deemed necessary and proper.

19
20 DATED: 8/18/2017



21 LEEZA RIFREDI
22 Deputy Chief for Bureau for Private Postsecondary
23 Education
24 Department of Consumer Affairs
25 State of California
26 *Complainant*

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