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

12 In the Matter of the Accusation Against:

Case No. BPPE23-0672

13 **EDUCATING BARBERS, LLC DBA "THE ACADEMY"**
14 **998 Geneva Ave**
San Francisco, CA 94112
15 **Institution Code No. 75356521**

ACCUSATION

16 Respondents.

17
18 **PARTIES**

19 1. Deborah Cochrane (Complainant) brings this Accusation solely in her official
20 capacity as the Chief of the Bureau for Private Postsecondary Education (Bureau), Department of
21 Consumer Affairs.

22 2. On or about November 9, 2017, the Bureau issued Institution Code Number
23 75356521 to Educating Barbers, LLC dba "The Academy" (Respondent). The Approval to
24 Operate expired on November 9, 2022, and has not been renewed. On December 5, 2022,
25 Respondent submitted an application for Renewal of Approval to Operate an Institution Non-
26 Accredited and is pending with the Bureau.

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JURISDICTION

3. This Accusation is brought before the Director of the Department of Consumer Affairs (Director) for the Bureau under the authority of the following laws. All section references are to the Education Code unless otherwise indicated.

4. Business and Professions Code section 118 states, in part:

...

(b) The suspension, expiration, or forfeiture by operation of law of a license issued by a board in the department, or its suspension, forfeiture, or cancellation by order of the board or by order of a court of law, or its surrender without the written consent of the board, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the board of its authority to institute or continue a disciplinary proceeding against the licensee upon any ground provided by law or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee on any such ground.

(c) As used in this section, ‘board’ includes an individual who is authorized by any provision of this code to issue, suspend, or revoke a license, and ‘license’ includes ‘certificate,’ ‘registration,’ and ‘permit.’”

5. Business and Professions Code section 477 states:

As used in this division:

(a) ‘Board’ includes ‘bureau,’ ‘commission,’ ‘committee,’ ‘department,’ ‘division,’ ‘examining committee,’ ‘program,’ and ‘agency.’

(b) ‘License’ includes certificate, registration or other means to engage in a business or profession regulated by this code.

6. Section 94937 states, in part:

(a) As a consequence of an investigation, which may incorporate any materials obtained or produced in connection with a compliance inspection, and upon a finding that an institution has committed a violation, the bureau may place an institution on probation or may suspend or revoke an institution’s approval to operate for:

...

(2) A material violation or repeated violations of this chapter or regulations adopted pursuant to this chapter that have resulted, or may result, in harm to students. For purposes of this paragraph, “material violation” includes, but is not limited to, misrepresentation, fraud in the inducement of a contract, and false or misleading claims or advertising, upon which a student reasonably relied in executing an enrollment agreement and that resulted, or may result, in harm to the student.

1 ...
2 (c) The bureau may seek reimbursement pursuant to Section 125.3 of the Business and
3 Professions Code.

4 **REGULATORY PROVISIONS**

5 7. California Code of Regulations, title 5, section 71745 states, in part:

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

- 8 (1) Provide all of the educational programs that the institution represented it would
9 provide.
10 (2) Ensure that all students admitted to its educational programs have a reasonable
11 opportunity to complete the programs and obtain their degrees or diplomas.
12 (3) Maintain the minimum standards required by the Act and this chapter.
13 (4) Pay timely refunds as required by Article 13 of the Act.
14 (5) Pay all operating expenses due within 30 days.
15 (6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at
16 the end of the most recent fiscal year when using generally accepted accounting
17 principles, or for an institution participating in Title IV of the federal Higher
18 Education Act of 1965, meet the composite score requirements of the U.S.
19 Department of Education. For the purposes of this section, current assets does not
20 include: intangible assets, including goodwill, going concern value, organization
21 expense, startup costs, long-term prepayment of deferred charges, and non-
22 returnable deposits, or state or federal grant or loan funds that are not the property
23 of the institution but are held for future disbursement for the benefit of students.
24 Unearned tuition shall be accounted for in accordance with general accepted
25 accounting principles.

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

- 21 (1) consents in writing to be sued in California;
22 (2) consents in writing to be subject to the jurisdiction of the Bureau with respect to
23 the institution's regulation under the Act and this Chapter;
24 (3) designates and maintains an agent for service of process, consistent with section
25 74190;
26 (4) agrees in writing to pay any refund, claim, penalty, or judgment that the
27 institution is obligated to pay; and
28 (5) files financial reports, maintains financial records, and consents in writing to
permit the inspection and copying of financial records to the same extent as is
required of the institution.

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

1 8. California Code of Regulations, title 5, section 71750 states, in part:

2 (a) If a cited institution or person that or who has been issued an order of abatement is
3 unable to complete the correction within the time set forth in the citation because of conditions
4 beyond the institution's or person's control after the exercise of reasonable diligence, the
5 institution or person may request an extension of time within which to complete the correction.
6 Such a request shall be in writing and shall be made within the time set forth for abatement.

7 (b) Failure of an applicant or institution issued an approval to operate to abate the violation
8 or to pay the fine within the time allowed is a ground for denial or discipline of an approval to
9 operate.

10 (c) If an informal conference or hearing is not requested, payment of the fine and/or
11 compliance with any order of abatement shall not constitute an admission of the violation charged
12 and shall be represented as satisfactory resolution of the matter for purposes of public disclosure.

13 **COST RECOVERY**

14 9. Business and Professions Code section 125.3 provides, in part, that the Bureau may
15 request the administrative law judge to direct a licensee found to have committed a violation or
16 violations of the licensing act to pay a sum not to exceed the reasonable costs of the investigation
17 and enforcement of the case, with failure of the licensee to comply subjecting the license to not
18 being renewed or reinstated. If a case settles, recovery of investigation and enforcement costs
19 may be included in a stipulated settlement.

20 **FACTUAL ALLEGATIONS**

21 10. On or about March 9, 2022, the Bureau conducted an announced compliance
22 inspection at Respondent's school and reviewed the financial statements for the 2020 calendar
23 year. The Bureau determined the Respondent's current assets to liabilities ratio did not meet the
24 Bureau's requirements pursuant to California Code of Regulations, title 5, section 71745(a)(6).

25 11. On or about April 21, 2023, the Bureau issued Citation No. 2223040 to Respondent
26 for a violation of California Code of Regulations, title 5, section 71745(a)(6) (Financial
27 Resources), in conjunction with Code section 94885(a)(6)(9) (Minimum Operating Standards),
28 for failure to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater. The
Citation ordered Respondent to submit financial statements for the 2022 calendar year which
demonstrate compliance with of California Code of Regulations, title 5, section 71745(a)(6) and a
roster of students enrolled at the school, as well as pay an administrative fine of \$2,501.00.

1 Respondent to submit its Annual Report and a hard copy of financial statements for year-end, in
2 compliance with the aforementioned violations. That Citation is now final.

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. Revoking or suspending Approval to Operate Institution Code Number 75356521,
8 issued to Educating Barbers, LLC dba "The Academy";
- 9 2. Ordering Respondent to pay the Bureau for Private Postsecondary Education the
10 reasonable costs of the investigation and enforcement of this case, pursuant to Business and
11 Professions Code section 125.3; and,
- 12 3. Taking such other and further action as deemed necessary and proper.

13
14 DATED: 7/10/2024

"Original Signature on File"

DEBORAH COCHRANE
Chief
Bureau for Private Postsecondary Education
Department of Consumer Affairs
State of California
Complainant