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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 Statement of Issues
Against:

Case No. BPPE25-0192

13 **EDUCATING BARBERS, LLC dba “THE**
14 **ACADEMY”**

STATEMENT OF ISSUES

15 **Application for Renewal of Approval to**
16 **Operate and Offer Educational Programs**
17 **for Non-Accredited Institutions**

18 **Institution Code Number 75356521**

Respondent.

19
20 **PARTIES**

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

24 2. On December 5, 2022, the Bureau received an application for renewal of approval
25 to operate and offer educational programs for non-accredited institutions from Educating Barbers,
26 LLC dba “The Academy” (Respondent). On November 11, 2022, Respondent’s officers certified
27 under penalty of perjury to the truthfulness of all statements, answers, and representations in the
28 application. The Bureau denied the application on January 30, 2025.

JURISDICTION

3. This statement of issues is brought before the Director of the Department of Consumer Affairs for the Bureau under the authority of the following laws.

4. Education Code section 94886 states,
“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.”

5. Education Code section 94887 states,
“An approval to operate shall be granted only after an applicant has presented sufficient evidence to the bureau, and the bureau has independently verified the information provided by the applicant through site visits or other methods deemed appropriate by the bureau, that the applicant has the capacity to satisfy the minimum operating standards. The bureau shall deny an application for an approval to operate if the application does not satisfy those standards. The bureau may deny an application for an approval to operate institutions that would be owned by, have persons in control of, or employ institution managers that had knowledge of, should have known, or knowingly participated in any conduct that was the cause for revocation or unmitigated discipline at another institution.”

STATUTORY AND REGULATORY PROVISIONS

6. California Code of Regulations, title 5, section 71475, subdivision (w)(2), states,
“The institution shall submit current, audited financial statements at the time it applies for approval to operate. Each set of financial statements shall comply with Section 74115 of this chapter.”

7. California Code of Regulations, title 5, section 71710, states in part,
“(a) In order to meet its mission and objectives, the educational program defined in Section 94837 of the Code shall be comprised of a curriculum that includes:

...

“(3) Course or module materials that are designed or organized by duly qualified faculty.

1 For each course or module, each student shall be provided with a syllabus or course outline that
2 contains:

3 “(A) A short, descriptive title of the educational program;

4 “(B) A statement of educational objectives;

5 “(C) Length of the educational program;

6 “(D) Sequence and frequency of lessons or class sessions;

7 “(E) Complete citations of textbooks and other required written materials;

8 “(F) Sequential and detailed outline of subject matter to be addressed or a list of skills to
9 be learned and how those skills are to be measured;

10 “(G) Instructional mode or methods.

11 . . .

12 “(5) Specific learning outcomes tied to the sequence of the presentation of the material to
13 measure the students’ learning of the material”

14 8. California Code of Regulations, title 5, section 71715, subdivision (d), states,

15 “Distance education as defined in section 94834 of the [Education] Code, does not require
16 the physical presence of students and faculty at the same location but provides for interaction
17 between students and faculty by such means as telecommunication, correspondence, electronic
18 and computer augmented educational services, postal service, and facsimile transmission. In
19 addition to the other requirements of this chapter and the Act, an institution offering distance
20 education shall:

21 “(1) ensure that the educational program offered through distance education is appropriate
22 for delivery through distance education methods;

23 “(2) assess each student, prior to admission, in order to determine whether each student
24 has the skills and competencies to succeed in a distance education environment;

25 “(3) ensure that the materials and programs are current, well organized, designed by
26 faculty competent in distance education techniques and delivered using readily available, reliable
27 technology;

28 “(4) provide for meaningful interaction with faculty who are qualified to teach using

1 distance education methods;

2 “(5) maintain clear standards for satisfactory academic progress;

3 “(6) timely complete student evaluations of learning outcomes by duly qualified faculty,
4 which are appropriate for use with the distance education methods used, and evaluated by duly
5 qualified faculty[;]

6 “(7) employ a sufficient number of faculty to assure that (A) the institution’s response to,
7 or evaluation of, each student lesson is returned to the student within 10 days after the lesson is
8 received by the institution; and (B) the institution's response to, or evaluation of, each student
9 project or dissertation is returned to the student within the time disclosed in the catalog; and

10 “(8) shall maintain a record of the dates on which lessons, projects, and dissertations were
11 received and responses were returned to each student.”

12 9. California Code of Regulations, title 5, section 74115, states,

13 “(a) This section applies to every set of financial statements required to be prepared or
14 filed by the Act or by this chapter.

15 “(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income
16 statement, and a cash flow statement, and the preparation of financial statements, shall comply
17 with all of the following:

18 “(1) Audited and reviewed financial statements shall be conducted and prepared in
19 accordance with the generally accepted accounting principles established by the American
20 Institute of Certified Public Accountants by an independent certified public accountant who is not
21 an employee, officer, or corporate director or member of the governing board of the institution.

22 “(2) Financial statements prepared on an annual basis as required by section 74110(b)
23 shall be prepared in accordance with the generally accepted accounting principles established by
24 the American Institute of Certified Public Accountants. Nonprofit institutions shall provide
25 annual financial statements as required under generally accepted accounting principles for
26 nonprofit organizations.

27 “(3) The financial statements shall establish that the institution meets the requirements for
28 financial resources required by Section 71745.

1 “(4) If an audit performed to determine compliance with any federal or state student
2 financial aid program reveals any failure to comply with the requirements of the program and the
3 noncompliance creates any liability or potential liability for the institution, the financial
4 statements shall reflect the liability or potential liability.

5 “(5) Any audits shall demonstrate that the accountant obtained an understanding of the
6 institution’s internal financial control structure, assessed any risks, and has reported any material
7 deficiencies in the internal controls.

8 “(c) Work papers for the financial statements shall be retained for five years from the date
9 of the statements and shall be made available to the Bureau upon request.

10 “(d) ‘Current’ with respect to financial statements means completed no sooner than 120
11 days prior to the time it is submitted to the Bureau, and covering no less than the most recent
12 complete fiscal year. If more than 8 months will have elapsed between the close of the most
13 recent complete fiscal year and the time it is submitted, the fiscal statements shall also cover no
14 less than five months of that current fiscal year.”

15 **FACTUAL BACKGROUND**

16 10. After the Bureau received Respondent’s application for renewal of approval to
17 operate and offer educational programs for non-accredited institutions on December 5, 2022, the
18 Bureau sent a deficiency letter to Respondent on January 31, 2023. Respondent sent responses
19 and additional documentation, including reviewed financial statements on June 10, 2023.
20 However, these financial statements did not meet the Bureau’s minimum current assets to
21 liabilities ratio of 1.25 to 1.00. On April 9, 2024, the Bureau sent an e-mail to Respondent
22 requesting additional financial statements. On April 18, 2024, Respondent sent updated financial
23 statements. However, these updated statements still did not meet the Bureau’s minimum current
24 ratio of 1.25 to 1.00. On December 9, 2024, the Bureau sent a second and final deficiency letter
25 to Respondent requesting correction of deficiencies in Respondent’s application.¹ Respondent
26 did not correct the deficiencies. Consequently, the Bureau denied Respondent’s application on

27 _____
28 ¹ These deficiencies form the bases for the three causes for denial of Respondent’s
application listed below.

January 30, 2025.

CAUSES FOR DENIAL

FIRST CAUSE FOR DENIAL

Failure to Provide Syllabi and Learning Outcomes

11. Respondent's application is subject to denial for failure to provide syllabi and learning outcomes for its barbering and barbering crossover classes. (Cal. Code Regs., tit. 5, § 71710, subds. (a)(3) & (5).)

SECOND CAUSE FOR DENIAL

Failure to Provide Access to the Institution's Online System

12. Respondent's application is subject to denial for failure to provide access to the institution's online Learning Management System (LMS) as a student and administrative account for the Bureau to perform a qualitative review of Respondent's programs, and review students who are currently attending or have completed the program. (Cal. Code Regs., tit. 5, § 71715, subd. (d).)

THIRD CAUSE FOR DENIAL

Failure to Provide Financial Statements

13. Respondent's application is subject to denial for failure to provide current financial statements that are either reviewed or audited. (Cal. Code Regs., tit. 5, §§ 71475, subd. (w)(2), 74115.)

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PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters alleged in this statement of issues, and that following the hearing the Director issues a decision:

1. Denying Respondent's application for renewal of approval to operate and offer educational programs for non-accredited institutions; and
2. Taking such other and further action as deemed necessary and proper.

DATED: 8/5/2025

"Original Signature on file"

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

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