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

14 In the Matter of the Accusation Against:

Case No. BPPE23-0163

15 **AMERICAN INSTITUTE OF**
16 **EDUCATION**

17 17632 Irvine Blvd., #215
18 Tustin, CA 92780

FIRST AMENDED ACCUSATION

19 **Institution Code No. 1921011**

20 Respondent.

21 **PARTIES**

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

25 2. On December 24, 1991, the Bureau issued Approval to Operate Institution Code
26 Number 1921011 to American Institute of Education (Respondent), owned by Aria Holdings and
27 Investments Group, LLC. The Approval to Operate expired on June 29, 2020.

28 3. On May 9, 2024, the Bureau approved Respondent's application for approval to
operate under changed business ownership, with Respondent now owned by Meita Flawless, Inc.

JURISDICTION

4. This First Amended 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 (Code) unless otherwise indicated.

5. Code section 94932 states:

The bureau shall determine an institution's compliance with the requirements of this chapter. The bureau shall have the power to require reports that institutions shall file with the bureau in addition to the annual report, to send staff to an institution's sites, and to require documents and responses from an institution to monitor compliance. When the bureau has reason to believe that an institution may be out of compliance, it shall conduct an investigation of the institution. If the bureau determines, after completing an investigation, that an institution has violated any applicable law or regulation, the bureau shall take appropriate action pursuant to this article.

6. Business and Professions Code section 22 states:

"Board" as used in any provisions of this code, refers to the board in which the administration of the provision is vested, and unless otherwise expressly provided, shall include "bureau," "commission," "committee," "department," "division," "examining committee," "program," and "agency."

7. Business and Professions Code section 23.7 states, "[u]nless otherwise expressly provided, "license" means license, certificate, registration, or other means to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600."

STATUTORY PROVISIONS

8. Code section 94898, subdivision (b) states:

After a student has enrolled in an educational program, the institution shall not do either of the following:

(1) Make any unscheduled suspension of any class unless caused by circumstances beyond the institution's control.

(2) Change the day or time during the period of attendance in which any class is offered to a day when the student is not scheduled to attend the institution or to a time that is outside of the range of time that the student is scheduled to attend the institution on the day for which the change is proposed unless at least 90 percent of the students who are enrolled consent to the change and the institution offers full refunds to the students who do not consent to the change. For the purpose of this paragraph, range of time means the period beginning with the time at which the student's first scheduled class session for the day is set to start and ending with the time the student's last scheduled class session for that day is set to finish.

1 9. Code section 94936, subdivisions (a) and (b), states:

2 (a) As a consequence of an investigation, which may incorporate any materials
3 obtained or produced in connection with a compliance inspection, and upon a finding that
4 the institution has committed a violation of this chapter or that the institution has failed to
5 comply with a notice to comply pursuant to Section 94935, the bureau shall issue a citation
6 to an institution for violation of this chapter, or regulations adopted pursuant to this chapter.

7 (b) The citation may contain any of the following:

8 (1) An order of abatement that may require an institution to demonstrate
9 how future compliance with this chapter or regulations adopted pursuant to this
10 chapter will be accomplished.

11 (2) Notwithstanding Section 125.9 of the Business and Professions Code, an
12 administrative fine not to exceed five thousand dollars (\$5,000) for each violation.

13 10. Code section 94937 states:

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

18 . . .

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

26 (b) The bureau shall adopt regulations, within one year of the enactment of this
27 chapter, governing probation and suspension of an approval to operate.

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

(d) An institution shall not be required to pay the cost of investigation to more
than one agency.

REGULATORY PROVISIONS

11. Title 5, California Code of Regulations (CCR), section 71700 (Regulation 71700)
states "the Bureau may request that an institution document compliance with the standards set
forth in the Act and this Division to obtain and maintain an approval to operate."

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12. Title 5, CCR, section 71745 (Regulation 71745), subdivision (a), states:

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

(1) Provide all of the educational programs that the institution represented it would provide.

(2) Ensure that all students admitted to its educational programs have a reasonable opportunity to complete the programs and obtain their degrees or diplomas.

...

(4) Pay timely refunds as required by Article 13 of the Act.

(5) Pay all operating expenses due within 30 days.

(6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles, or for an institution participating in Title IV of the federal Higher Education Act of 1965, meet the composite score requirements of the U.S. Department of Education. For the purposes of this section, current assets does not include: intangible assets, including goodwill, going concern value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles.

13. Title 5, CCR, section 71750 (Regulation 71750), subdivision (e), states:

An institution shall refund any credit balance on the student's account within 45 days after the date of the student's completion of, or withdrawal from, the educational program in which the student was enrolled. For purposes of this subdivision and section 94919(d) of the Code, "day" means calendar day.

14. Title 5, CCR, section 71930 (Regulation 71930), subdivision (e), states:

All records that the institution is required to maintain by the Act or this chapter shall be made immediately available by the institution for inspection and copying during normal business hours by the Bureau and any entity authorized to conduct investigations.

15. Title 5, CCR, section 74115 (Regulation 74115) states in relevant part:

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

(1) Audited and reviewed financial statements shall be conducted and prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants by an independent certified public

accountant who is not an employee, officer, or corporate director or member of the governing board of the institution. . . .

16. Title 5, CCR section 75050 (Regulation 75050), subdivision (b), states:

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

COST RECOVERY

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

FACTUAL ALLEGATIONS

18. Between February and June of 2023, the Bureau received multiple complaints from students of Respondent institution that it had suddenly ceased providing classes in February 2023. Students could not access the premises, although some were still being charged tuition. The complaints further alleged that when Respondent re-opened in April 2023, it reduced class hours, and the number of class days from five days per week to two. Students AA, PK, and CM, who withdrew from the school, were not issued refunds within 45 days.

19. The Bureau requested audited financial statements from Respondent for 2021 and 2022. On May 26, 2023, the Bureau received an unaudited financial statement from Respondent. No audited financial statement has been received by the Bureau for 2021 and 2022.

20. On June 7, 2023, a Bureau representative conducted a site visit of Respondent. R.R., who was hired to make Respondent solvent and keep it open, met with the Bureau representative on behalf of Respondent. R.R. admitted the following: Respondent ceased providing classes between February 2023 and April 2023 due to insufficient cash flow; Respondent re-opened with reduced days (from five to two) and hours of instruction due to insufficient cash flow; Respondent was unable to pay refunds owed to students due to insufficient cash flow, and in fact,

1 did not pay refunds owed to at least three students within 45 days of withdrawal as required; and,
2 Respondent was incapable of paying its operating expenses, such as money owed to its
3 accountant or to the Bureau, within thirty days.

4 21. The Bureau representative asked for student records, but Respondent was unable
5 provide them during the inspection.

6 **FIRST CAUSE FOR DISCIPLINE**

7 **(Unscheduled Suspension of Classes, Change of Class Day and/or Time)**

8 22. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
9 conjunction with Code section 94898(b), because it abruptly ceased providing classes and then re-
10 opened with reduced instruction days, as alleged above.

11 **SECOND CAUSE FOR DISCIPLINE**

12 **(Audited Financial Statements)**

13 23. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
14 conjunction with Regulation 74115, subdivision (b)(1), because Respondent failed to provide an
15 audited Financial Statement to the Bureau, as alleged above.

16 **THIRD CAUSE FOR DISCIPLINE**

17 **(Insufficient Financial Resources)**

18 24. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
19 conjunction with Regulation 71745, subdivisions (a)(1), (a)(2), (a)(4), and (a)(5), because
20 Respondent failed to maintain sufficient finances to operate, as alleged above.

21 **FOURTH CAUSE FOR DISCIPLINE**

22 **(Withdrawals and Refunds)**

23 25. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
24 conjunction with Regulation 71750, because it failed to provide refunds to at least three students
25 within 45 days of withdrawal, as alleged above.

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1 **FIFTH CAUSE FOR DISCIPLINE**

2 **(Maintenance of Records)**

3 26. Respondent is subject to disciplinary action under Code section 94937(a)(2), in
4 conjunction with Regulation 71930, because Respondent failed to make student records
5 immediately available to the Bureau representative upon request, as alleged above.

6 **SIXTH CAUSE FOR DISCIPLINE**

7 **(Failure to Comply with Citation No. 2324170)**

8 27. Respondent is subject to disciplinary action under Code section 94936, in conjunction
9 with Regulation 75050, subdivision (b), because Respondent failed to comply with Citation No.
10 2324170 issued to it on February 27, 2024. The circumstances are as follows:

11 28. The Bureau issued Citation No. 2324170 after Respondent failed to submit
12 components of the 2022 Annual Report, which was due to the Bureau by December 1, 2023. The
13 citation imposed a \$2,501.00 administrative fine and an Order of Abatement to submit the
14 missing components of the 2022 Annual Report. Compliance with the citation was due within
15 thirty days of its issuance. Respondent did not appeal the Citation. The Bureau mailed demand
16 letters for payment of the administrative fine and compliance with the Order of Abatement on
17 April 10, 2024, May 15, 2024, and July 8, 2024. On October 21, 2025, the Bureau received
18 payment of the administrative fine for citation 2324170 in the amount of \$2,501.00. However,
19 Respondent has not submitted the missing components of the 2022 Annual Report as required by
20 the Order of Abatement, so Respondent has not complied with the Order of Abatement for
21 Citation No. 2324170.

22 **SEVENTH CAUSE FOR DISCIPLINE**

23 **(Failure to Comply with Citation No. 23240281)**

24 29. Respondent is subject to disciplinary action under Code section 94936, in conjunction
25 with Regulation 75050, subdivision (b), because Respondent failed to comply with Citation No.
26 23240281 issued to it on June 20, 2024. The circumstances are as follows:

27 30. The Bureau issued Citation No. 23240281 after Respondent: 1) failed to produce
28 records to the Bureau upon request, and 2) failed to comply with a Notice to Comply issued for

violations of regulations pertaining to website and catalog requirements. The citation imposed an administrative fine of \$3,001.00 and included Orders of Abatement to submit proof of compliance with the regulations at issue. Respondent did not appeal the Citation. Compliance with the citation was due within thirty days of its issuance. On October 21, 2025, the Bureau received the payment of the administrative fine for Citation 23240281 in the amount of \$3,001.00. However, Respondent did not submit proof of compliance with the regulations as required by the Order of Abatement, so Respondent has not complied with the Order of Abatement for Citation No. 23240281.

DISCIPLINARY CONSIDERATIONS

31. To determine the degree of penalty, if any, to be imposed on Respondent, Complainant alleges that the Bureau issued the following three citations to Respondent, which are final. Respondent has complied with each of these citations:

- a. On March 1, 2023, the Bureau issued Citation No. 2223064 after Respondent failed to:
 - 1) pay its annual fee and its 90 day late fee for 2021; 2) pay its annual fee and its 90 day late fee for 2022; 3) submit the Student Tuition Recovery Fund Assessment Report form and pay any applicable fees as required for the third and fourth quarter reporting periods of 2022. This citation imposed administrative fines totaling \$1,503.00 and included Orders of Abatement to submit proof of compliance with the regulations at issue.
- b. On January 24, 2025, the Bureau issued Citation No. 24250218 after Respondent failed to submit the Student Tuition Recovery Fund Assessment Reporting form and the assessment fees for the third quarter reporting period of 2024. The citation imposed an administrative fine of \$500.00 and included an Order of Abatement to submit proof of compliance with the regulations at issue.
- c. On April 8, 2025, the Bureau issued Citation No. 24250312 after Respondent failed to pay its annual fee and 90-day late payment penalty fee for the 2024 calendar. The citation imposed an administrative fine of \$501.00 and included an Order of Abatement to pay the 2024 annual fee and late payment penalty fee.

PRAYER

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

1. Revoking or suspending Approval to Operate Institution Code Number 1921011, issued to American Institute of Education, owned by Meita Flawless, Inc.;
2. Ordering American Institute of Education, owned by Meita Flawless, Inc., to pay the Bureau for Private Postsecondary Education the reasonable costs of the investigation and enforcement of this case, pursuant to Business and Professions Code section 125.3; and,
3. Taking such other and further action as deemed necessary and proper.

DATED: 1/22/2026

"Original Signature on File"
DEBORAH COCHRANE
Chief
Bureau for Private Postsecondary
Education
Department of Consumer Affairs
State of California
Complainant

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