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7

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

10
11 In the Matter of the Accusation Against:

Case No. 1001120

12 **CASA LOMA COLLEGE, INC.**
13 **6725 Kester Avenue**
Van Nuys, CA 91405

A C C U S A T I O N

14 **Approval to Operate Institution No.**
15 **1904941**

16 Respondent.

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18
19 Complainant alleges:

20
21 **PARTIES**

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

24 2. On or about October 31, 2000, the Bureau for Private Postsecondary Education
25 issued Approval to Operate Institution Number 1904941 to Casa Loma College, Inc.

26 (Respondent). Said Approval to Operate Institution will expire on February 28, 2018 unless
27 renewed.
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JURISDICTION

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3. This Accusation is brought before the Director of the Department of Consumer Affairs (Director) for the Bureau for Private Postsecondary Education, under the authority of the following laws.

4. Section 118, subdivision (b), of the Business and Professions Code provides that the expiration of a license shall not deprive the Board of jurisdiction to proceed with a disciplinary action during the period within which the license may be renewed, restored, reissued or reinstated.

5. Title 5 of the California Code of Regulations, section 71745 subdivision (a)(6) provides:

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

“... ”

“(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.”

“... ”

6. Title 5 of the California Code of Regulations, section 74112 subdivision (h) provides:

“... ”

“(h) Documentation supporting all data reported shall be maintained by the institution for at least five years from the time included in either an Annual Report or a Performance Fact Sheet, and shall include at a minimum: student name(s), address, phone number, email address, program completed, program start and completion dates, place of employment and position, salary, hours,

1 and a description of all attempts to contact each student. Documentation shall also include the
2 name, email address, phone number, and position or title of the institution's representative who is
3 primarily responsible for obtaining the students' completion, placement, licensing, and salary and
4 wage data, the date that the information was gathered, and copies of notes, letters or emails
5 through which the information was requested and gathered.”

6 7. Title 5 of the California Code of Regulations, section 71930 subdivision (e) provides:

7 “...

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

11 “...”

12 8. California Education Code section 94897 sub (I) provides:

13 An institution shall not do any of the following:

14 “...

15 (I) Use the terms "approval," "approved," "approval to operate," or "approved to operate"
16 without stating clearly and conspicuously that approval to operate means compliance with state
17 standards as set forth in this chapter. If the bureau has granted an institution approval to operate,
18 the institution may indicate that the institution is "licensed" or "licensed to operate," but may not
19 state or imply either of the following:

20 (1) The institution or its educational programs are endorsed or recommended by the state
21 or by the bureau.

22 (2) The approval to operate indicates that the institution exceeds “...””

23 “...”

24 COST RECOVERY

25 9. Section 125.3 of the Code provides, in pertinent part, that the Board may request the
26 administrative law judge to direct a licentiate found to have committed a violation or violations of
27 the licensing act to pay a sum not to exceed the reasonable costs of the investigation and
28 enforcement of the case, with failure of the licentiate to comply subjecting the license to not being

1 renewed or reinstated. If a case settles, recovery of investigation and enforcement costs may be
2 included in a stipulated settlement.

3 **STATEMENT OF FACTS**

4 10. On October 27, 2015, an investigator for the Bureau for Private Post Secondary
5 Education (Bureau) went to Respondent's facility to conduct an unannounced compliance
6 inspection. Several violations were discovered. As a result of the inspection, on November 13,
7 2015, the investigator submitted an Enforcement Referral to the Bureau's Complaint Investigations
8 Unit. As of March 18, 2016, violations of the following regulations and statutes remained: Title 5
9 of the California Code of Regulations, sections 71745 subdivision (a)(6), 74112 subdivision (h),
10 and 71930 subdivision (e), as well as California Education Code section 94897 subdivision (l).

11 **FIRST CAUSE FOR DISCIPLINE**

12 (Failure to Document Sufficient Assets and Financial Resources)

13 11. Respondent is subject to disciplinary action under Title 5 of the California Code of
14 Regulations, section 71745 subdivision (a)(6), which requires that the institution document that it
15 has at all times, sufficient assets and financial resources to operate by maintaining a ratio of current
16 assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year. The
17 circumstances surrounding these allegations are set forth above in paragraph 10, and are
18 incorporated herein as though set forth in full.

19 12. In addition, as of February 24, 2016, Respondent failed to document sufficient assets
20 and financial resources to continue to operate. The financials reviewed did not show the school
21 had the resources to meet 30 day operating expenses, showing a deficit of \$476,380.

22 **SECOND CAUSE FOR DISCIPLINE**

23 (Failure to Maintain Documentation for Annual Reported Data)

24 13. Respondent is subject to disciplinary action under Title 5 of the California Code of
25 Regulations, section 74112 subdivision (h) for failing to maintain documentation supporting all
26 data for a period of at least five (5) years from the time included in either an Annual Report or a
27 Performance Fact Sheet. The circumstances surrounding these allegations are set forth above in
28 paragraph 10, and are incorporated herein as though set forth in full.

1 14. In addition, as of February 24, 2016, Respondent failed to show proof of the required
2 back-up documentation supporting all data reported on both the 2013-2014 School Performance
3 Fact Sheet and the 2013-2014 Annual Report.

4 **THIRD CAUSE FOR DISCIPLINE**

5 (Failure to Provide Back-Up Documentation Supporting Annual Data Reported)

6 15. Respondent is subject to disciplinary action under Title 5 of the California Code of
7 Regulations, section 71930 subdivision (e) in that it was required to immediately produce, for
8 inspection and copying, all records required by the this Chapter or Act. The circumstances
9 surrounding these allegations are set forth above in paragraph 10, and are incorporated herein as
10 though set forth in full.

11 16. In addition, as of February 24, 2016, Respondent failed to provide the back-up
12 documentation that supports all the data reported in their 2014 Annual Report and 2013 and 2014
13 School Performance Fact Sheets upon the Bureau's requests on October 27, 2015, November 19,
14 2015, and February 17, 2016.

15 **FOURTH CAUSE FOR DISCIPLINE**

16 (Failure to Specify Use of the Term "Approval")

17 17. Respondent is subject to disciplinary action under California Education Code section
18 94897 subdivision (l), which prohibits an institution from using "the terms "approval," "approved,"
19 'approval to operate," or "approved to operate" without stating clearly and conspicuously that
20 approval to operate means compliance with state standards as set forth in this chapter". The
21 circumstances surrounding these allegations are set forth above in paragraph 10, and are
22 incorporated herein as though set forth in full.

23 18. In addition, as of February 24, 2016, Respondent's website states that it is approved
24 by the Bureau. However, the institution does not specify that the term approval means
25 "compliance with state standards as set forth in this chapter."
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27 **PRAYER**

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

4 1. Revoking or suspending Approval to Operate Institution Number 1904941, issued to
5 Casa Loma College, Inc.;

6 2. Ordering Casa Loma College, Inc. to pay the Bureau for Private Postsecondary
7 Education the reasonable costs of the investigation and enforcement of this case, pursuant to
8 section 125; and

9 3. Taking such other and further action as deemed necessary and proper.

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DATED: 11/30/16


JOANNE WENZEL
Chief
Bureau for Private Postsecondary Education
Department of Consumer Affairs
State of California
Complainant

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