



Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400, Sacramento, CA 95833
P.O. Box 980818, West Sacramento, CA 95798-0818
P (916) 431-6959 F (916) 263-1897 www.bppe.ca.gov



CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: John Lockamy
DeVrae "Hoss" Lee
The Academy
8091 Greenback Lane #C
Citrus Heights, CA 95610

INSTITUTION CODE: 78192712
CITATION NUMBER: 1516063
CITATION ISSUANCE/SERVICE DATE: March 22, 2016
DUE DATE: April 21, 2016
FINE AMOUNT: \$ 20,000.00
ORDER OF ABATEMENT INCLUDED: YES

Elainea Shotwell issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Enforcement Manager of the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to John Lockamy and DeVrae "Hoss" Lee, Owners of The Academy, located at 8091 Greenback Lane #C, Citrus Heights, CA 95610 pursuant to Business and Professions Code section 125.9; California Education Code (CEC) section 94936; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violations described below.

VIOLATION

#	The California Education Code (CEC) and the California Code of Regulations (CCR). Below you will find the code section(s) of law you are charged with violating.
1.	<p><u>Violation:</u> CEC 94926 (a)(b)(c)(d) -- Procedures Prior to Closing, Teach-Out Plans <i>"At least 30 days prior to closing, the institution shall notify the bureau in writing of its intention to close. The notice shall be accompanied by a closure plan, which shall include, but not necessarily be limited to, all of the following:</i></p> <p><i>(a) A plan for providing teach-outs of educational programs, including any agreements with any other postsecondary educational institutions to provide teach-outs.</i></p> <p><i>(b) If no teach-out plan is contemplated, or for students who do not wish to participate in a teach-out, arrangements for making refunds within 45 days from the date of closure, or for institutions that participate in federal student financial aid programs arrangements for making refunds and returning federal student financial aid program funds. (c) If the institution is a participant in federal student aid</i></p>

programs, it shall provide students information concerning these programs and institutional closures.
(d) A plan for the disposition of student records.”

5, CCR 76240 (a)(1)(2)(3)(4)(A)(B)(5)(6)(b)(1)(2) -- Required Notices and Teach-Out Plan.

“All institutions, including those exempt from Bureau regulation pursuant to the Code, shall do the following prior to closing:

(a) At least 30 days prior to closing, the institution shall notify the Bureau in writing of its intention to close and provide a closure plan. The closure plan shall include:

(1) The exact date and reason for the closure.

(2) The last date of instruction for each educational service or program.

(3) A list of students who were enrolled at any time during the 60 days prior to closure.

(4) If any student will not be provided complete educational services or the educational program, the institution shall provide:

(A) A plan for providing teach-outs or transfers, including the details of any agreements with other institutions.

(B) If no teach-out is contemplated, or for students who do not wish to participate in a teach-out, arrangements for making refunds within 45 days from the date of closure, or for institutions that participate in federal student financial aid programs arrangements for making refunds and returning federal student financial aid program funds.

(5) A plan for the disposition of student records.

(6) A plan to notify students of their rights and options under the Act and this chapter.

(b) The institution shall notify the students of the following:

(2) If any student will not be provided complete educational services or the educational program, information regarding the Student Tuition Recovery Fund and the Bureau's physical and Internet addresses.”

On 8/9/13, the Bureau received email notification of The Academy's closure. The Bureau was informed that employees of The Academy went to work on 8/8/2013, and discovered it had closed.

On 8/13/13, 8/16/13, 8/19/13, and 9/13/13, the Bureau sent John Lockamy (Lockamy) a School Closure Plan Form via certified mail.

On 9/30/13, Lockamy submitted a School Closure Plan that indicated the institution closed on 8/8/13, and identified the Bureau as the custodian of records. However, Lockamy failed to provide student records to the Bureau.

On 11/4/14, Bureau investigators conducted a school visit at 8091 Greenback Lane #C, Citrus Heights, CA 95610, and determined that The Academy was no longer in operation.

Lockamy failed to notify the Bureau of its intention to close the institution or provide a school closure plan 30 days prior to closing on 8/8/13.

Assessment of Fine

The fine for this violation is \$5,000

2. **Violation:**

CEC 94927.5 (a)(1)(2) -- Provision of Records to Bureau Prior to Closing

“(a) Prior to closing, an institution shall provide the bureau with the following:

(1) Pertinent student records, including transcripts, as determined by the bureau, pursuant to regulations adopted by the bureau.

(2) If the institution is an accredited institution, a plan for the retention of records and transcripts, approved by the institution's accrediting agency, that provides information as to how a student may obtain a transcript or any other information about the student's coursework and degrees completed."

5, CCR 71930 (f)- Maintenance of Records

"(f) If an institution closes, the institution and its owners are jointly and severally responsible to arrange at their expense for the storage and safekeeping in California of all records required to be maintained by the Act and this chapter for as long as those records must be maintained. The repository of the records shall make these records immediately available for inspection and copying, without charge except as allowed under subdivision (c)(4) of this section, during normal business hours by any entity authorized by law to inspect and copy records."

On 9/30/13, Lockamy submitted a School Closure Plan that stated the institution closed on 8/8/13. The School Closure Plan also indicated that the Bureau would become the custodian of records.

On 4/9/14, the Bureau mailed Lockamy a letter requesting that he provide, to the Bureau, copies of the proof of training documents. Lockamy provided the Bureau the institution's seal/embosser but failed to provide student records to the Bureau.

On 1/15/15, Bureau staff called DeVrae "Hoss" Lee (H. Lee) in an attempt to locate the student records. The first call was answered by an adult male who stated he was not H. Lee and immediately terminated the call. Bureau staff made two additional calls, but both calls were unanswered.

On 2/25/15, Bureau staff sent a letter to H. Lee via certified mail requesting the location of where the student records were stored and that they be made immediately available to the Bureau.

On 3/6/15, the Bureau received an email response from the attorneys representing Hoss Lee Academy (HLA). The HLA attorneys claimed that H. Lee never owned The Academy and does not have any knowledge of the whereabouts of Lockamy or of the student records.

Bureau staff has been unable to locate Lockamy or the location of the institution's student records. The Academy failed to provide student records, including transcripts, to the Bureau as required by CEC 94927.5 (a)(1) and 5, CCR 71930(f).

Order of Abatement:

The Bureau orders that the institution provide records of student information, including transcripts, at the owners' expense as required by CEC 94927.5(a)(1) and 5, CCR 71930 (f).

Assessment of Fine

The fine for this violation is \$5,000

3. **Violation:**

CEC 94927 – Institutions in Default of Enrollment Agreement

(1) "An institution shall be considered in default of the enrollment agreement when an educational program is discontinued or canceled or the institution closes prior to completion of the educational program. When an institution is in default, student institutional charges may be refunded on a pro rata basis if the bureau determines that the school has made provision for students enrolled at the time of default to complete a comparable educational program at another institution at no additional charge to the students beyond the amount of the total charges in the original enrollment agreement. If the institution does not make that provision, a total refund of all

	<p><i>institutional charges shall be made to students."</i></p> <p>On 9/30/2013, Lockamy submitted a School Closure Plan. On Item #5 of the School Closure Plan regarding whether arrangements have been made for refunds within 45 days from the date of closure, Lockamy marked "No." He further wrote, "We made arrangements with Career Beauty Academy (dba Hoss Lee Academy) to complete the education for our students...For students who chose not to participate in the transfer/teach out plans. We do not have the ability at this time to issue refunds due to a pending bankruptcy."</p> <p>Between 8/27/13 and 12/17/13, the Bureau received ten (10) Student Tuition Recovery Fund claims from former The Academy students.</p> <p><u>Order of Abatement:</u> The Bureau orders that the owners of The Academy provide refunds to all students who were enrolled at the time of default but did not participate in the transfer/teach-out plans and submit proof of refunds to these students. Acceptable proof includes copies of cashed checks.</p> <p><u>Assessment of Fine</u> The fine for this violation is <u>\$5,000</u></p>
4.	<p><u>Violation:</u> 5, CCR 74200 – Cessation of Educational Program <i>"Every institution shall notify the Bureau in writing at least 30 days before the institution ceases to offer to the public any educational program."</i></p> <p>The owners of The Academy did not notify the Bureau in writing at least 30 days prior to closure.</p> <p><u>Assessment of Fine</u> The fine for this violation is <u>\$5,000</u></p>
<p>TOTAL ADMINISTRATIVE FINE DUE: \$20,000</p>	

ASSESSMENT OF A FINE

In accordance with CEC section 94936; and 5, CCR Sections 75020 and 75030, the Bureau hereby orders this assessment of fine in the amount of **\$20,000** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

ORDER OF ABATEMENT

In accordance with the provisions of CEC Section 94936 and 5, CCR Section 75020 the Bureau hereby issues the order(s) of abatement described above. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

BACKGROUND

The Bureau's Closed Schools Unit provided an enforcement referral on 10/22/2014, alleging that The Academy failed to properly close the school's operations according to Bureau requirements. The Closed Schools Unit also claimed that The Academy failed to properly designate a custodian of records, provide the student records, and respond to communication requests. During the course of the investigation, bureau staff was unable to contact or locate the school's owners or the missing student records.

APPEAL OF CITATION

You have the right to contest this Citation through an informal conference with the Bureau; and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference and/or Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference and/or an administrative hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.*

Unless a written request for an informal conference and/or an administrative hearing is signed by you and delivered to the Bureau by **April 21, 2016**, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **March 22, 2016**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **April 21, 2016**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.

Payment of the administrative fine and/or written request for appeal must be mailed to:

Jody Wright, Discipline Citation Program
Bureau for Private Postsecondary Education
2535 Capitol Oaks Drive, Suite 400
Sacramento, CA 95833

Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Jody Wright, Enforcement Analyst, at 916-431-6940 or Jody.Wright@dca.ca.gov.



Elainea Shotwell
Enforcement Manager

March 22, 2016
Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine - Waiver of Appeal
- Declaration of Service by Certified and First Class Mail