ROB BONTA
Attorney General of California
SHAWN P. COOK
Supervising Deputy Attorney General
VINODHINI RAMAGOPAL
Deputy Attorney General
State Bar No. 240534
300 So. Spring Street, Suite 1702
Los Angeles, CA 90013
Telephone: (213) 269-6270
Facsimile: (916) 731-2126
E-mail: Vinodhini.Ramagopal@doj.ca.gov
Attorneys for Complainant

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

In the Matter of the Statement of Issues Against**:** **HOLLYWOOD EDUCATION, LLC. dba HOLLYWOOD CAREER COLLEGE** **Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions** Institution Code 77183620 Respondent.	Case No. BPPE25-0531 **STATEMENT OF ISSUES**

PARTIES

1. Elizabeth Elias (Complainant) brings this Statement of Issues solely in her official capacity as the Chief for the Bureau for Private Postsecondary Education (Bureau), Department of Consumer Affairs.

2. On or about February 27, 2024, the Bureau received an Application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions (Application) from Hollywood Career College (Respondent), owned by Hollywood Education, LLC. On or about February 25, 2024, Christopher Wachter certified under penalty of perjury to the truthfulness of all statements, answers, and representations in the application. The Bureau

denied the application on May 22, 2025.

JURISDICTION

3. This Statement of Issues 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 Business and Professions Code (Code) unless otherwise indicated.

4. Code section 94886 states that:

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. Code section 94887 states that:

> 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.

6. Section 94932 of the Education Code 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.

REGULATORY PROVISIONS

7. Title 5, Section 71400.5 of the California Code of Regulations states in part:

. . . .

"(b) In addition to denying an application pursuant to section 94887 of the Code, the Bureau may deny any application based on any act that constitutes grounds for the denial of a license under Section 480 of the Business and Professions Code, incorporated herein by reference."

8. Title 5, Section 71475 of the California Code of Regulations states, in pertinent part:

> (a) Unless renewed, an approval to operate shall expire at 12 midnight on the last day of the institution's term of approval to operate as granted pursuant to section 94802 or section 94889 of the Code.
>
> (b) An institution seeking to renew its Approval to Operate pursuant to section 94891 of the Code shall, prior to its expiration, complete and submit to the Bureau the "Application for Renewal of Approval to Operate and Offer Educations Programs for Non-Accredited Institutions," Form Application 94891 (rev. 2/10).
>
> . . . .
>
> (e) The institution shall submit at the time it applies for renewal current financial statements that meet the requirements of section 74115 as follows: (1) for an institution with annual gross revenues of $500,000 and over, statements shall be audited; (2) for an institution with annual gross revenues less than $500,000, statements shall be reviewed.
>
> . . . .

9. Title 5, Section 71745 of the California Code of Regulations states, in pertinent part:

> (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.
>
> (3) Maintain the minimum standards required by the Act and this chapter.
>
> (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.

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

(1) consents in writing to be sued in California;

(2) consents in writing to be subject to the jurisdiction of the Bureau with respect to the institution's regulation under the Act and this Chapter;

(3) designates and maintains an agent for service of process, consistent with section 74190;

(4) agrees in writing to pay any refund, claim, penalty, or judgment that the institution is obligated to pay; and

(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.

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

10. Title 5, Section 74115 of the California Code of Regulations states, in pertinent part:

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

(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.

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

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

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

(5) Any audits shall demonstrate that the accountant obtained an understanding of the institution's internal financial control structure, assessed

any risks, and has reported any material deficiencies in the internal controls.

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

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

FIRST CAUSE FOR DENIAL OF APPLICATION

(Failure to Produce Current Reviewed or Audited Financial Statements)

11. Respondent's Application is subject to denial under section 94887 of the Code and California Code of Regulations, title 5, sections 71475(e), 71745, and 74115 in that Respondent has not provided financial statements sufficient to establish its financial resources to conduct business. The circumstances are as follows:

i. When Respondent submitted its application on or about February 27, 2024, Respondent failed to provide the following documents: Form of Business Organization, Exemplars of Student Agreements, and Financial Resources and Statements.

ii. On or about April 4, 2024, the Bureau issued a deficiency letter to Respondent informing Respondent of this failure.

iii. In response to the first deficiency letter, on May 3, 2024, Respondent submitted a current CA Secretary of State lookup of the school's LLS., and the enrollment agreement checklist. Respondent requested an extension to submit the financial statements.

iv. On May 6, 2024, the Bureau approved an extension request for Respondent to submit financials by July 31, 2024, which Respondent failed to submit despite several follow up requests.

v. On October 24, 2024, the Bureau sent a second deficiency letter confirming that Respondent still had not submitted current reviewed or audited financial statements.

vi. On November 26, 2024, the Bureau received Respondent's response to the second deficiency letter regarding financials. Respondent submitted audited financial statements for the fiscal year ending December 31, 2023. However, the financial statements did not qualify as they were submitted more than eight (8) months after the fiscal year's end. Also, Respondent did not provide financial statements sufficient to establish its financial resources to conduct business.

PREVIOUS DISCIPLINE

12. On or about January 29, 2024, the Bureau issued Citation No. 2324115 to Respondent for violating the following:

- 5 CCR section 74110 – Annual Report in conjunction with CEC section 94934: Failure to submit 2021 Annual Report by December 1, 2022.
- 5 CCR section 76140(a)(5-6), (9-13)(b) – Record Keeping Requirements and 5CCR section 71930(e) – Maintenance Records.
- 5 CCR section 71745(c) consistent with 5 CCR section 74115(d) – Financial Statements.

13. In accordance with the provisions of CEC section 94936, and 5 CRR sections 75020 and 75030, the Bureau assessed a fine for the violations. On or about April 11, 2024, the citation was closed.

14. On or about April 10, 2025, the Bureau issued Citation No. 24250302 to Respondent for violating:

- 5 CCR section 74110 Annual Report in conjunction with CEC section 94934: Failure to submit 2021 Annual Report by December 1, 2022.

15. Pursuant to 5 CCR section 75030, the Bureau determined this to be a "Class A" violation and the Bureau issued a fine for the violation. On or about June 16, 2025, the citation was closed.

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. Denying the application for Renewal of Approval to Operate and Offer Educational Programs for Non-Accredited Institutions from Hollywood Career College (Respondent), owned by Hollywood Education, LLC; and

2. Taking such other and further action as deemed necessary and proper.

DATED: 7/31/2026

"Original Signature on File"

ELIZABETH ELIAS
Bureau Chief
Bureau for Private Postsecondary Education
Department of Consumer Affairs
State of California
Complainant

LA2025604512
68494765