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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 Accusation Against:

Case No. BPPE24-0985

13 **L.A. VOCATIONAL INSTITUTE,**  
14 **OWNED BY LOS ANGELES**  
15 **VOCATIONAL INSTITUTE, INC.**  
16 **3440 Wilshire Blvd., 10th Fl, Unit 1014**  
17 **Los Angeles, CA 90010**

**ACCUSATION**

18 **Institution Code No. 1939591**

Respondent.

19 **PARTIES**

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

23 2. On or about April 27, 2000, the Bureau for Private Postsecondary Education issued  
24 an Approval to Operate Institution Code Number 1939591 to L.A. Vocational Institute  
25 (Respondent), owned by Los Angeles Vocational Institute, Inc. The Institution Code was in full  
26 force and effect at all times relevant to the charges brought herein and will expire on May 19,  
27 2026, unless renewed.

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## **JURISDICTION AND STATUTORY PROVISIONS**

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. All section references are to the Education Code (Code) unless otherwise indicated.

4. Business and Professions Code section 118, subdivision (b), states:

(b) The suspension, expiration, or forfeiture by operation of law of a license issued by a board in the department, or its suspension, forfeiture, or cancellation by order of the board or by order of a court of law, or its surrender without the written consent of the board, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the board of its authority to institute or continue a disciplinary proceeding against the licensee upon any ground provided by law or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee on any such ground.

5. Section 94875 of the Code states:

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

(1) Obtaining an approval to operate by fraud.

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

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

(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.

6. Section 94875 of the Code states:

The Bureau for Private Postsecondary Education, as established by Section 6 of Chapter 635 of the Statutes of 2007, is continued in existence and shall commence operations. This chapter establishes the functions and responsibilities of the bureau, for the purposes of Section 6 of Chapter 635 of the Statutes of 2007. The bureau shall regulate private postsecondary educational institutions through the powers granted,

and duties imposed, by this chapter. In exercising its powers, and performing its duties, the protection of the public shall be the bureau's highest priority. If protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

7. Section 94932 of the 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 a compliance inspection or investigation, that an institution has violated any applicable law or regulation, the bureau shall take appropriate action pursuant to this article.

8. Section 94933 of the Code states:

The bureau shall provide an institution with the opportunity to remedy noncompliance, impose fines, place the institution on probation, or suspend or revoke the institution's approval to operate, in accordance with this article, as it deems appropriate based on the severity of an institution's violations of this chapter, and the harm that results or may result to students.

9. Section 94936 of the Code states:

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

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

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

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

...

(c)(1) The citation shall be in writing and describe the nature of the violation and the specific provision of law or regulation that is alleged to have been violated.

(2) The citation shall inform the institution of its right to request a hearing in writing within 30 days from service of the citation.

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(4) If a hearing is not requested, payment of the administrative fine is due 30 days from the date of service, and shall not constitute an admission of the violation charged.

(5) If a hearing is conducted and payment of an administrative fine is ordered, the administrative fine is due 30 days from when the final order is entered.

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### **REGULATORY PROVISIONS**

10. California Code of Regulations, title 5, section 74000, subdivision (e)(1) states:

(e)(1) If an institution fails to pay any fee and any penalty fees timely, the Bureau may initiate proceedings to revoke the institution's approval to operate for failure to pay fees.

11. California Code of Regulations, title 5, section 75050, subdivision (b), states:

(b) 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.

12. California Code of Regulations, title 5, section 71745 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.

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13. California Code of Regulations, title 5, section 74115 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.

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### **COST RECOVERY**

14. Section 94937, subdivision (c), of the Code provides that the Bureau may seek reimbursement costs of investigation and enforcement pursuant to Business and Professions Code section 125.3.

15. Business and Professions Code section 125.3 provides, in pertinent part, that the Board 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.

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1 **FIRST CAUSE FOR DISCIPLINE**

2 **(Failure to Maintain Sufficient Financial Resources)**

3 16. Respondent is subject to disciplinary action under Code section 94937, subdivision  
4 (a)(2) and California Code of Regulations, title 5, sections 71745, subdivision (a)(6), and 74115,  
5 subdivision (b)(3), in that Respondent does not meet the minimum standards for financial  
6 resources, as follows:

7 a. According to the unaudited financial statements submitted by Respondent for the  
8 2022 fiscal year, Respondent's current assets totaled \$22,270.00 and its current liabilities totaled  
9 \$25,000.00. This results in an assets to liabilities ratio of 0.89 to 1.00. The minimum operating  
10 standards regarding financial resources require an institution maintain an assets to liabilities ratio  
11 of 1.25 to 1.00 or greater.

12 b. According to the unaudited financial statements submitted by Respondent for the  
13 2023 fiscal year, Respondent's current assets totaled \$18,243.00 and its current liabilities totaled  
14 \$25,000.00. This results in an assets to liabilities ratio of 0.73 to 1.00. The minimum operating  
15 standards regarding financial resources require an institution maintain an assets to liabilities ratio  
16 of 1.25 to 1.00 or greater.

17 **SECOND CAUSE FOR DISCIPLINE**

18 **(Failure to Adhere to Financial Statement Requirements)**

19 17. Respondent is subject to disciplinary action under Code section 94937, subdivision  
20 (a)(2) and California Code of Regulations, title 5, section 74115, subdivisions (b)(1) and (b)(2), in  
21 that Respondent failed to adhere to financial statement requirements, as follows:

22 a. Respondent failed to provide audited and reviewed financial statements for the 2022  
23 and fiscal year.

24 b. Respondent failed to provide audited and reviewed financial statements for the 2023  
25 and fiscal year.

26 c. Respondent failed to have its financial statements for the 2022 fiscal year prepared in  
27 accordance with generally accepted accounting principles (GAAP).

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d. Respondent failed to have its financial statements for the 2023 fiscal year prepared in accordance with generally accepted accounting principles (GAAP).

**THIRD CAUSE FOR DISCIPLINE**

**(Failure to Comply with Citation No. 2223046)**

18. Respondent is subject to disciplinary action under California Code of Regulations, title 5, section 75050, subdivision (b), in that Respondent failed to comply Citation Number 2223046, as follows. On or about February 9, 2023, the Bureau issued Citation Number 2223046 to Respondent for failure to submit its Student Tuition Recovery Fund (STRF) Assessment Reporting Form and applicable fees for the 4th quarter reporting period of 2022 and for failure to pay its 30-day late payment penalty fee for the 2022 Annual Fee. The Bureau assessed an administrative fine of \$1,500.00 and included an Order of Abatement to submit the delinquent STRF and 30-day late payment penalty fee for the 2022 Annual Fee. On or about February 21, 2023, Respondent submitted its fourth quarter 2022 STRF Assessment Reporting Form. On or about April 10, 2023, Respondent paid its 30-day late payment penalty fee for the 2022 Annual fee. The Bureau mailed Respondent demand letters for compliance on or about May 11, 2023, June 15, 2023, August 10, 2023, December 18, 2023, January 16, 2024, June 19, 2024, and August 1, 2024. To date, Respondent has a remaining delinquent balance due of \$488.00 on the administrative fine. As such, to date, Respondent has failed to comply with Citation Number 2223046.

**FOURTH CAUSE FOR DISCIPLINE**

**(Failure to Comply with Citation No. 2223087)**

19. Respondent is subject to disciplinary action under California Code of Regulations, title 5, section 75050, subdivision (b), in that Respondent failed to comply Citation Number 2223087, as follows. On or about March 15, 2023, the Bureau issued Citation Number 2223087 to Respondent for failure to submit all components of its 2020 and 2021 Annual Report. The Bureau assessed an administrative fine of \$10,000.00 and included an Order of Abatement to submit the completed 2020 and 2021 Annual Reports. On or about October 4, 2024, Respondent submitted its 2020 Annual Report. The Bureau mailed Respondent demand letters for

1 compliance on or about June 19, 2023, August 14, 2023, December 18, 2023, July 9, 2024, and  
2 October 5, 2024. To date, the 2021 Annual Report is still outstanding. To date, Respondent has a  
3 remaining delinquent balance due of \$ 5,833.35 on the administrative fine. As such, to date,  
4 Respondent has failed to comply with Citation Number 2223087.

5 **FIFTH CAUSE FOR DISCIPLINE**

6 **(Failure to Comply with Citation No. 24250027)**

7 20. Respondent is subject to disciplinary action under California Code of Regulations,  
8 title 5, section 75050, subdivision (b), in that Respondent failed to comply Citation Number  
9 24250027, as follows. On or about July 31, 2024, the Bureau issued Citation Number 24250027  
10 to Respondent for failure to pay the 2024 Annual Fee and 90-day late payment penalty. The  
11 Bureau assessed an administrative fine of \$1,000.00 and included an Order of Abatement to pay  
12 the 2024 Annual fee and 90-day late payment penalty. On or about August 1, 2024, Respondent  
13 paid the 2024 Annual Fee. On or about September 19, 2024, the Bureau issued a Modified  
14 Citation Order, reducing the administrative fine amount to \$501.00. On or about October 9,  
15 2024, Respondent paid the 90-day late payment penalty. The Bureau mailed Respondent demand  
16 letters for compliance on or about October 22, 2024 and November 25, 2024. To date,  
17 Respondent has a remaining delinquent balance due of \$501.00 on the administrative fine. As  
18 such, to date, Respondent has failed to comply with Citation Number 24250027.

19 **SIXTH CAUSE FOR DISCIPLINE**

20 **(Failure to Comply with Citation No. 23240196)**

21 21. Respondent is subject to disciplinary action under California Code of Regulations,  
22 title 5, section 75050, subdivision (b), in that Respondent failed to comply Citation Number  
23 23240196, as follows. On or about February 2, 2024, the Bureau issued Citation Number  
24 23240196 to Respondent for failure to submit its 2022 Annual Report. The Bureau assessed an  
25 administrative fine of \$5,000.00 and included an Order of Abatement to submit the 2022 Annual  
26 Report. On or about May 1, 2024, the Bureau issued a Modified Citation Order, reducing the  
27 administrative fine amount to \$2,501.00. On or about July 5, 2024, Respondent submitted its  
28 2022 Annual Report. The Bureau mailed Respondent demand letters for compliance on or about



June 3, 2024, July 8, 2024, and August 7, 2024. To date, the Respondent has a remaining delinquent balance due of \$1,800.00 on the administrative fine. As such, to date, Respondent has failed to comply with Citation Number 23240196.

#### **DISCIPLINARY CONSIDERATIONS**

22. To determine the degree of discipline, if any, to be imposed on Respondent, Complainant alleges the following:

23. On or about August 13, 2020, the Bureau issued Citation Number 2021047 to Respondent for failure to submit its Student Tuition Recovery Fund (STRF) Assessment Reporting Form for the 2nd, 3rd, and 4th quarters of 2019 and the 1st and 2nd quarters of 2020, failure to pay the 2017 and 2020 Annual Fees, and failure to pay the 90-day late payment penalty for 2017, 2019, and 2020. The Citation is now final.

24. On or about July 29, 2021, the Bureau issued Citation Number 2122014 to Respondent for failure to submit its Student Tuition Recovery Fund (STRF) Assessment Reporting Form for the 4th quarter of 2020 and the 1st quarter of 2021. The Citation is now final.

25. On or about October 6, 2021, the Bureau issued Citation Number 2122067 to Respondent for failure to submit its Student Tuition Recovery Fund (STRF) Assessment Reporting Form for the 2nd quarter of 2021. The Citation is now final.

#### **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 Institution Code Number 1939591, issued to L.A. Vocational Institute, owned by Los Angeles Vocational Institute, Inc.;

2. Ordering L.A. Vocational Institute 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

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

DATED: 4/2/2025

"Original Signature on file"

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

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