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10	FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION STATE OF CALIFORNIA		
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12	In the Matter of the Statement of Issues Case No. 1002040		
13	Against:		
14	LA UNIVERSITY, INC.  STATEMENT OF ISSUES		
15	Application for Approval to Operate an Institution Non-Accredited Applicant		
16	Respondent.		
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19	Complainant alleges:		
20	PARTIES		
21	1. Joanne Wenzel (Complainant) brings this Statement of Issues solely in her official		
22	capacity as the Chief of the Bureau for Private Postsecondary Education, Department of		
23	Consumer Affairs.		
24	2. On or about June 9, 2015, the Bureau for Private Postsecondary Education (Bureau)		
25	received an application for Approval to Operate an Institution Non-Accredited (application		
26	number 28381) from LA University, Inc. (Respondent). On or about September 25, 2015, the		
27	Bureau issued a deficiency letter to Respondent explaining the deficiencies in its application.		
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3. On or about November 2, 2015, the Bureau received a response to the deficiency letter from Respondent. On or about June 27, 2016, the Bureau issued to Respondent a Notice of Denial of Application for Approval to Operate. On or about August 26, 2016, Respondent sent the Bureau a letter requesting an administrative hearing and providing mitigation documents.

#### JURISDICTION

- 4. This Statement of Issues 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 unless otherwise indicated.
- 5. The former Bureau for Private Postsecondary and Vocational Education sunsetted on July 1, 2007. On October 11, 2009, the Bureau for Private Postsecondary Education Act of 2009 (SB 48 and hereinafter, "the Act") was signed into law. The Act, which became operative on January 1, 2010, established the Bureau for Private Postsecondary Education (hereinafter "Bureau").
  - 6. Education Code Section 94886 states:

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.

7. Education Code Section 94887 states:

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.

### STATUTORY & REGULATORY PROVISIONS1

### 8. Code section 94838 states:

'Educational program approval' means authorization by the bureau, another government agency of this state, or a federal government agency, to provide educational programs, and is an element of an approval to operate."

## 9. Title 5, California Code of Regulations, section 71100 states:

- (a) An applicant seeking approval to operate pursuant to Section 94886 of the Code, other than Approval to Operate by Accreditation pursuant to Section 94890(a)(1) of the Code, shall complete the "Application for Approval to Operate for an Institution Not Accredited," Form Application 94886 (rev. 2/10). An applicant seeking approval to operate by accreditation pursuant to Section 94890(a)(1) of the Code shall comply with section 71390.
- (b) An applicant shall submit the completed form, the information or documentation required by this Article, the appropriate application fee as provided in Section 94930.5(a)(1) of the Code, and any appropriate annual fee as required by Article 1 of Chapter 5 of this Division, to the Bureau.
- (c) An application that fails to contain all of the information required by this article shall render it incomplete.
- 10. Title 5, California Code of Regulations, section 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.

### 11. Code section 94885(a)(1) states:

- a) The bureau shall adopt by regulation minimum operating standards for an institution that shall reasonably ensure that all of the following occur:
  - (1) The content of each educational program can achieve its stated objective.

## 12. Code section 94897(p) states:

An institution shall not do any of the following:

(p) Offer an associate, baccalaureate, master's, or doctoral degree without disclosing to prospective students prior to enrollment whether the institution or the degree program is unaccredited and any known limitation of the degree, including, but not limited to, all of the following:

<sup>&</sup>lt;sup>1</sup> The California Private Postsecondary Education Act of 2009 was amended, effective January 1, 2015. See Senate Bill No. 1247. This Statement of Issues is based on the post-amendment version of the Act.

disclosed to the student pursuant to the applicable federal and state financial aid

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- (1) Each student admitted to an undergraduate degree program, or a diploma program, shall possess a high school diploma or its equivalent, or otherwise successfully take and pass the relevant examination as required by section 94904 of the Code.
- 23. California Code of Regulations, title 5, section 71770(b) states:
- (b) The institution shall specify the maximum credit it will transfer from another institution for each educational program, and the basis upon which the transferred credit will be awarded.
- (1) Except as limited by subdivision (c) of this section, a maximum of 75 percent of the units or credit that may be applied toward the award of a bachelor's degree may be derived from a combination of any or both of the following:
- (A) Units earned at institutions approved by the Bureau, public or private institutions of higher learning accredited by an accrediting association recognized by the U. S. Department of Education, or any institution of higher learning, including foreign institutions, if the institution offering the undergraduate program documents that the institution of higher learning at which the units were earned offers degree programs equivalent to degree programs approved by the Bureau or accredited by an accrediting association recognized by the U.S. Department of Education;
- (B) Challenge examinations and standardized tests such as the College Level Placement Tests (CLEP) for specific academic disciplines.
- (2) No more than 20% of graduate semester units or the equivalent in other units awarded by another institution may be transferred for credit toward a Master's degree. An institution may accept transfer credits only from the institutions of higher learning described in subsection (1)(A).
- (3) No more than 30 graduate semester credits or its equivalent awarded by another institution may be credited toward a doctoral degree. This subdivision does not apply to graduate programs that lead to a profession or an occupation requiring state licensure where the licensing agency has a regulation permitting a different standard.
- 24. California Code of Regulations, title 5, section 71770(c) states:
- (c) If credit for prior experiential learning is to be granted, the policy for granting such credit shall be included in the institution's catalog.
- (1) An institution may grant credit to a student for prior experiential learning only if:
- (A) The prior learning is equivalent to a college or university level of learning;
- (B) The learning experience demonstrates a balance between theory and practice; and
  - (C) The credit awarded for the prior learning experience directly relates to the

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2. Your total charges are not paid by any third-party payer such as an employer, government program or other payer unless you have a separate agreement to repay the third party.

You are not eligible for protection from the STRF and you are not required to pay the STRF assessment, if either of the following applies:

- 1. You are not a California resident, or are not enrolled in a residency program, or
- 2. Your total charges are paid by a third party, such as an employer, government program or other payer, and you have no separate agreement to repay the third party."
- (b) In addition to the statement described under subdivision (a) of this section, a qualifying institution shall include the following statement on its current schedule of student charges:

"The State of California created the Student Tuition Recovery Fund (STRF) to relieve or mitigate economic losses suffered by students in educational programs who are California residents, or are enrolled in a residency programs attending certain schools regulated by the Bureau for Private Postsecondary and Vocational Education.

You may be eligible for STRF if you are a California resident or are enrolled in a residency program, prepaid tuition, paid the STRF assessment, and suffered an economic loss as a result of any of the following:

- 1. The school closed before the course of instruction was completed.
- 2. The school's failure to pay refunds or charges on behalf of a student to a third party for license fees or any other purpose, or to provide equipment or materials for which a charge was collected within 180 days before the closure of the school.
- 3. The school's failure to pay or reimburse loan proceeds under a federally guaranteed student loan program as required by law or to pay or reimburse proceeds received by the school prior to closure in excess of tuition and other costs.
- 4. There was a material failure to comply with the Act or this Division within 30 days before the school closed or, if the material failure began earlier than 30 days prior to closure, the period determined by the Bureau.
- 5. An inability after diligent efforts to prosecute, prove, and collect on a judgment against the institution for a violation of the Act."

However, no claim can be paid to any student without a social security number or a taxpayer identification number.

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## FIRST CAUSE FOR DENIAL OF APPLICATION

(Student Tuition Recovery Fund Disclosures) (Cal. Code Regs., title 5, § 76215, subd. (b))

31. Respondent's application is subject to denial because its enrollment contracts do not contain complete Student Tuition Recovery Fund disclosures for the following educational programs: Master of Business Administration Program, Bachelor of Arts in Business Administration Program, Fashion Design Program, Network Specialist Program and English as a Second Language Program. (Cal. Code Regs., title 5, § 76215, subd. (b)). Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards.

SECOND CAUSE FOR DENIAL OF APPLICATION (Verification of High School Diplomas or its Equivalent)

(Cal. Code Regs., title 5, § 71770, subd. (a)(1) and Cal. Code Reg., title 5 § 71920, subd. (b)(1)(A))

32. Respondent's application is subject to denial because its admissions policy fails to require students to submit proof that they possess a high school diploma or its equivalent and does not maintain records verifying students' high school completion, its equivalency or other documentation establishing students' ability to perform college level work. (Cal. Code Regs., title 5, § 71770, subd. (a)(1); Cal. Code Regs., title 5 § 71920, subd. (b)(1)(A)). Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards.

THIRD CAUSE FOR DENIAL OF APPLICATION

(Identification of Course Learning Objectives and Examinations for Courses)
(Cal. Educ. Code § 94885(a)(1);Cal. Code Regs., title 5, § 71710, subd. (e); and Cal. Code Reg., title 5 § 71715, subd. (b))

33. Respondent's application is subject to denial because Respondent did not provide specific student learning objectives for each proposed course nor the written practice, midterm, and final examinations for each proposed course. (Cal. Educ. Code, § 94885, subd., (a)(1); Cal. Code Regs., title 5, § 71710, subd. (e); Cal. Code Regs., title 5, § 71715, subd. (b)). Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards.

# FOURTH CAUSE FOR DENIAL OF APPLICATION (Duly Qualified Faculty)

(Cal. Educ. Code § 94887; Cal. Code Regs., title 5, § 71720, subd. (a)(1))

34. Respondent's application is subject to denial because it failed to include the requisite information regarding its faculty. (Cal. Educ. Code § 94887; Cal. Code Regs., title 5, § 71720, subd. (a)(1)). In particular, J.K.<sup>2</sup> is listed as the instructor for HST 105 U.S. History and SOC 101 Principles of Sociology, R.B. is listed as the instructor for POL 101 Political Science, MATH 110 Advanced Alegbra/Pre-Calculus, MATH 118 Statistics and MATH 125 Calculus and E.S. is listed as the instructor for PHY 105 General Physics, but there is no documentation showing that these individuals are duly qualified to teach those courses. Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards.

## FIFTH CAUSE FOR DENIAL OF APPLICATION (Catalog)

(Cal. Educ. Code § 94887; Cal. Educ. Code § 94909, subd. (a)(8)(A); Cal. Educ. Code § 94897, subd. (p); Cal. Educ. Code § 94911, subd. (b); Cal. Educ. Code § 94909, subd. (a)(10); Cal. Code Regs., title 5, § 71770, subd. (a)(1); Cal. Code Regs., title 5, § 71920, subd. (b)(1)(A); Cal. Code Regs., title 5, § 71810, subd. (b)(6); Cal. Educ. Code § 94909, subd. (a)(1); Cal. Code Regs., title 5, § 71770(c); § 71770, subd. (b); Cal. Code Regs., title 5 § 71775; Cal. Code Regs., title 5, Cal. Code Regs., title 5, § 71810, subd. (b)(3); Cal. Code Regs., title 5, § 71810, subd. (b)(7); Cal. Educ. Code § 94909, subd. (a)(1); Cal. Educ. Code § 94909, subd. (a)(4))

- 35. Respondent's application is subject to denial because it failed to include the requisite information in its proposed catalog, included ambiguous information in the proposed catalog and included misinformation in the proposed catalog. Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards. In particular:
- a. Respondent's proposed catalog contains a noncompliant admissions policy for the Bachelor of Arts in Business Administration, Fashion Design Certificate, Network Specialist Certificate and English as a Second Language Certificate Programs, in that it allows students to make self-attestations that they possess high school diplomas or its equivalent, rather than requiring the actual diplomas or other documentation. (Cal. Educ. Code § 94887; Cal. Code Regs., title 5, § 71770, subd. (a)(1); Cal. Code Regs., title 5, § 71920, subd. (b)(1)(A)).

<sup>&</sup>lt;sup>2</sup> In the interests of privacy, proposed faculty members' initials, rather than full names, have been used. These individuals' full names were included in the Notice of Denial of Application for Approval to Operate.

- b. Respondent's proposed catalog is missing a notice to prospective unaccredited degree program students (Cal. Code Regs., title 5, § 71775).
- c. Respondent's proposed catalog is missing disclosures for the presence or absence of articulation agreements (Cal. Educ. Code § 94909(a)(8)(A)).
- d. Respondent's proposed catalog is missing its policies and procedures for the award of credit for prior experiential learning (Cal. Code Regs., title 5, § 71810, subd. (b)(7); Cal.Code Regs., title 5, § 71770(c)).
- e. Respondent's proposed catalog is missing the required disclosures for unaccredited institutions offering a degree program, or accredited institutions offering an unaccredited degree program, describing the known limitations of the degree program (Cal. Educ. Code § 94897(p)).
- f. Respondent's schedule of tuition and fees in its proposed catalog does not show Student Tuition Recovery Fund fees as non-refundable (Cal. Educ. Code § 94911(b)).
- g. Respondent's proposed catalog does not contain a statement reporting as to whether the institution participates in federal and state financial aid programs, and if so, all required disclosures (Cal. Educ. Code § 94909(a)(10)).
- h. Respondent's proposed catalog does not contain its policies and practices and required disclosures for any form of financial aid (Cal. Code Regs., title 5, § 71810, subd. (b)(6).
- i. Page 8 of Respondent's proposed catalog states that transfer credits may be accepted from a "recognized" school which is unclear (Cal. Educ. Code § 94909, subd. (a)(8)(A); Cal. Code Regs., title 5, § 71770, subd. (b)).
- j. Pages 10-11 of Respondent's proposed catalog describes the enrollment process for international students even though it does not have the approval to issue I-20 forms from the Department of Homeland Security (Cal. Code Regs., title 5, § 71810, subd. (b)(3)).
- k. Pages 71 and 73 of Respondent's proposed catalog refers to another, unrelated institution known as "SU" in its program descriptions (Cal. Educ. Code § 94909, subd. (a)(1)).
- 1. Page 49 of Respondent's proposed catalog states that students must complete a minimum of 72 units in order to receive an English as Second Language Certificate while pages

50-55 state that a student must complete 72 hours, not units for that certificate (Cal. Educ. Code § 94909, subd. (a)(5)).

- m. Pages 49-52 of Respondent's proposed catalog lists course titles and credits required for English as Second Language Certificate while pages 53-57 list different course titles and credits for that Certificate (Cal. Educ. Code § 94909, subd. (a)(5)).
- n. Page 58 of Respondent's proposed catalog states that it is offering a Bachelor of Science in Computer Networking and Security degree when it is not approved to offer that degree (Cal. Educ. Code § 94909, subd. (a)(5)).
- o. Pages 61-66 of Respondent's proposed catalog do not specify if the credits required for the Network Specialist Certificate Program are units or hours (Cal. Educ. Code § 94909, subd. (a)(5)).
- p. Pages 64-66 of Respondent's proposed catalog do not list any units or hours for the courses described on those pages (Cal. Educ. Code § 94909, subd. (a)(5)).
- q. Page 32 of Respondent's proposed catalog refers to distance education programs but Respondent is not requesting approval for such programs (Cal. Educ. Code § 94909, subd. (a)(4)).

# SIXTH CAUSE FOR DENIAL OF APPLICATION (Self-Monitoring Procedures) (Cal Code Regs., title 5, § 71760)

36. Respondent's application is subject to denial because it did not include the self-monitoring procedures employed to assure the institution is maintained and operated in compliance with the California Education Code and California Code of Regulations, title 5. (Cal. Code Regs., title 5, § 71760). Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards.

# SEVENTH CAUSE FOR DENIAL OF APPLICATION (Course Syllabi) (Cal. Code Regs., title 5, § 71710, subds. (b), (c), (d), (e) and (f))

37. Respondent's application is subject to denial because there is no course syllabi submitted by Respondent for multiple courses, identical syllabi were submitted for multiple courses and unrelated syllabi for another institution were submitted. (Cal. Code Regs., title 5, §

71710, subds. (b), (c), (d), (e) and (f)). In particular, Respondent failed to submit course syllabi for multiple courses in its Master of Business Administration Program, Fashion Design Certificate Program, English as a Second Language Certificate Program and Network Specialist Certificate Program. Identical syllabi were submitted for (a) BUS 400 Advance Financial Management and FIN 400 Advanced Financial Management and (b) BUS 112 BUSIN ACC 103 Accounting III and BUS 112 Business Plan. Syllabi from an unrelated institution were submitted for ACC 101 Accounting I, ACC 102 Accounting II, ACC 103 Accounting III, BUS 103 Business Law, BUS 300 Financial Management and Tax 101 Tax Accounting courses. Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards.

# EIGHTH CAUSE FOR DENIAL OF APPLICATION (Enrollment Agreements) (Cal Educ. Code, § 94911, subd. (a))

38. Respondent's application is subject to denial because it submitted enrollment agreements which contained ambiguous program degree and certificate titles. In particular, the title for the Bachelor of Arts in Business Administration degree is identified as a "Master Degree," the title for the English as a Second Language Certificate is identified as a "Master Degree," the Fashion Design Certificate is identified as a "Master Degree," the Master of Business Administration Degree is identified as a "Master Degree," and the Network Specialist Certificate is identified as a "Master Degree." (Cal. Educ. Code, § 94911, subd. (a)). Respondent has therefore failed to provide evidence that it has the capacity to meet the minimum operating standards.

#### 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 Approval to Operate an Institution Non-Accredited of LA University, Inc.;

1	2. Taking such other and fur	ther action as deemed necessary and proper.
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3	DATED: 1/9/17	KANDE WENZEY
4		JOANNE WENZEL Chief
5		Bureau for Private Postsecondary Education Department of Consumer Affairs State of California
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