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PROTHONOTARY'S OFFICE
LANCASTER, PA

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**IN THE PENNSYLVANIA COURT OF COMMON PLEAS, LANCASTER COUNTY
CIVIL ACTION – LAW**

**COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL**

PETITIONER

v.

**AMERICAN BEAUTY ACADEMY, INC. D/B/A
AMERICAN BEAUTY ACADEMY
LANCASTER; and
EDWARD GILLESPIE**

RESPONDENTS

Case No. CI 19-04822

ASSURANCE OF VOLUNTARY COMPLIANCE

WHEREAS, the Commonwealth of Pennsylvania by the Office of Attorney General, through the Bureau of Consumer Protection (hereinafter “Commonwealth” or “Petitioner”), has caused an investigation to be made into the business practices of American Beauty Academy, Inc. d/b/a American Beauty Academy Lancaster (hereinafter “Respondent Corp.”) and Edward Gillespie, (hereinafter “Respondent Individual,” or collectively as the “Respondents”), pursuant to the provisions of the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, et seq. (hereinafter “Consumer Protection Law”), and states the following:

PARTIES

WHEREAS, Petitioner is the Commonwealth of Pennsylvania by the Office of Attorney General, through the Bureau of Consumer Protection, with offices located at Strawberry Square, 15th Floor, Harrisburg, PA 17120;

WHEREAS, American Beauty Academy, Inc. is a for-profit foreign business corporation registered with the Pennsylvania Department of State with a registered agent address of C/O NATIONAL REGISTERED AGENTS, INC. Dauphin County, located at 116 Pine Street, Suite 320, Harrisburg, PA 17101;

WHEREAS, the original state of incorporation for American Beauty Academy, Inc. is Maryland with a registered principal office of 119 Pope Lane, Queenstown, MD 21658 and a registered mailing address of 200 West 9th Street, Suite 300, Wilmington, DE 19801;

WHEREAS, American Beauty Academy Lancaster is a Pennsylvania registered Fictitious Name owned by American Beauty Academy Inc., with an address of 200 West 9th Street, Suite 300, Wilmington, DE 19801;

WHEREAS, American Beauty Academy is registered with the Pennsylvania State Board of Cosmetology with an address of 1166 Park City Center, Lancaster, PA 17601;

WHEREAS, Edward Gillespie is an adult individual, who resides at 512 Mimosa Court, Bradenton Florida, 34212 and is the owner of American Beauty Academy, Inc.; and

WHEREAS, Edward Gillespie directed, supervised, controlled, approved, formulated, authorized, ratified, benefited from, and or otherwise participated in the acts and practices hereinafter described, and is the owner of American Beauty Academy, Inc.

BACKGROUND

WHEREAS, Respondents have engaged in trade or commerce in the Commonwealth of Pennsylvania by operating a school offering education in esthetics, cosmetology, and barbering;

WHEREAS, the Commonwealth believes that Respondents have engaged in conduct violative of the Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, *et seq.* (hereinafter “Consumer Protection Law”) and alleges that Respondents violated the Consumer Protection law by:

A. Permanently closing their business following the withholding of Title IV funds by the United States Department of Education on November 17, 2015, without clearly and conspicuously disclosing to consumers in a meaningful and timely manner (hereinafter “students”) that the closing would be permanent and other circumstances regarding the closing; and

B. Accepting payment from students when on notice that the closing of the business was imminent and that the Respondents would not be able to fully provide the paid-for services; and

C. Misrepresenting, on or about November 18, 2015, through emails, phone calls, and Facebook posts that the school would have an extended Thanksgiving break when the school was actually closing permanently; and

D. Not thoroughly or officially communicating to students through email or any other direct channels apart from Facebook posts and reports in the local news that transfer schools would be brought to Respondents’ premises on November 30, 2015 for a meeting to describe to students their transfer policies; and

E. Not providing an adequate explanation of the school’s closing, or of transfer and/or refund processes to students at the November 30, 2015 meeting; and

F. Not providing complete training “kits,” (“kits” are defined as containers including all of the equipment and/or tools necessary to train the students for their particular course of

study whether barbering, hairdressing, pedicures, etc.) upon the students' payment of fees for the kits.

VIOLATION OF CONSUMER PROTECTION LAW

WHEREAS, the Commonwealth alleges that the aforesaid acts and practices constitute "unfair methods of competition" and/or "unfair or deceptive acts or practices," as prohibited by Section 201-3 of the Consumer Protection Law, as defined by Section 201-2(4)(ii), (iii), (v), and (xxi).

WHEREAS, Respondents do not admit that they have engaged in the acts and practices alleged above, or that the acts and practices alleged above constitute a violation of the Consumer Protection Law, or any other law or legal obligation;

WHEREAS, Respondents nevertheless agree to cease and desist from engaging in the acts and practices alleged above and shall not violate the Consumer Protection Law;

WHEREAS, the Commonwealth is agreeable in this matter to accept this Assurance of Voluntary Compliance (hereinafter "AVC") pursuant to Section 201-5 of the Consumer Protection Law, in lieu of commencing proceedings pursuant to Section 201-4 thereof; and

WHEREAS, this AVC shall not be considered an admission of a violation of the Consumer Protection Law, or any other law or legal obligation for any purpose.

SETTLEMENT TERMS

NOW THEREFORE, having conducted trade and commerce within the Commonwealth, Respondents agree for themselves, their successors, agents, employees and all persons acting on its behalf, directly or through any corporate or other device, as follows:

Injunctive Relief

I. Respondents SHALL comply with any and all provisions of the Consumer Protection Law and any amendments thereto; and, is permanently enjoined from any violation thereof; and

II. Respondents SHALL permanently refrain from engaging in any trade or commerce concerning or relating to the provision of educational services.

Monetary Relief

I. Respondents SHALL pay to the Commonwealth of Pennsylvania, the amount of Eight Thousand Seven Hundred Eighty-Eight and 09/100 Dollars (\$8,788.09) to be used for the following:

A. **Restitution** in the amount of Seven Thousand Five Hundred Seventy-Six and 18/100 (\$7,576.18). The manner and timing of distribution of restitution will be at the sole discretion of the Commonwealth.

1. Respondents have provided the Commonwealth with information relating to a surety bond.
2. The Commonwealth will make a good faith effort to collect the restitution portion of the monetary relief by filing a bond claim with the bond company.
3. If the claim on the bond is accepted, then those amounts in the claim shall be applied towards restitution.
4. If the claim on the bond is denied, or if the funds received are insufficient to cover the full restitution amount, Respondents shall be responsible for payment of the balance amount owed, or the full amount of the restitution within Ten (10) days of receiving written notice by the Commonwealth.

B. Costs of Investigation in the amount of One Thousand Two-Hundred and Eleven and 91/100 Dollars (\$1,211.91) shall be paid upon execution of the AVC. The cost of the investigation shall be distributed to the Commonwealth of Pennsylvania, Office of Attorney General, to reimburse the costs incurred in pursuing this enforcement action, and shall be deposited in an interest-bearing account from which both principal and interest shall be expended for future public protection and education purposes.

C. Additional Restitution- Respondents acknowledge that there may be additional consumers who allege they have been harmed by the conduct cited herein and who have not filed complaints with the Bureau of Consumer Protection; and, the Respondents agree to participate in the mediation of such complaints as follows:

1. Respondents shall engage in a good faith mediation of consumers' complaints and, if warranted, shall also pay restitution, consistent with the Section 201-4.1 of the Consumer Protection Law, to any consumer who submits a claim to Respondents or the Commonwealth within sixty (60) days of the filing of this AVC, and:
 - a. who asserts that he or she was or would have been entitled to relief provided herein;
 - b. who provides adequate documentation which supports his or her claim and/or complaint; and,
 - c. whose claim is validated by the Commonwealth.
2. Any consumer complaint received by the Commonwealth, the Respondents or any consumer protection agency that is postmarked by the sixtieth (60th)

day after the AVC is filed, shall be deemed timely. Copies of any complaints or requests made directly to Respondents shall be forwarded to the Commonwealth to:

Office of Attorney General
Bureau of Consumer Protection
Strawberry Square, 15th Floor
Harrisburg, PA 17120

3. The Commonwealth will provide Respondents with copies of all complaints received;
 - a. Respondents agree to fully cooperate with the Commonwealth and shall supply the Commonwealth with any and all information and documents requested by the Commonwealth, within twenty (20) days of the request, with regard to any consumers who submit complaints within the aforementioned sixty (60) day period;
 - b. Respondents may supply the Commonwealth with any written response it wishes to make to the specific consumer complaints received;
 - c. Respondents agree that restitution shall be paid to consumers who demonstrate to the satisfaction of the Commonwealth, after mediation, that they were harmed by Respondents' conduct, which occurred prior to the signing of this AVC and which constituted violations of the Consumer Protection Law;
 - d. The determination of whether a consumer shall receive restitution hereunder, and the determination of the amount of any such

restitution paid to such consumer shall be within the sole discretion of the Commonwealth; and

- e. Respondents agree to pay the amounts of additional restitution to the Commonwealth within Ten (10) days of receiving written notice by the Commonwealth.

D. Payment Terms

1. Respondents shall submit the Required Payments by certified check, cashier's check, or money order, made payable to the Commonwealth of Pennsylvania, Office of Attorney General, and forwarded to Merna T. Hoffman, Deputy Attorney General, Bureau of Consumer Protection, Strawberry Square, 15th floor, Harrisburg, PA 17120.
2. All other payments that may become due and owing shall also be made by certified check, cashier's check, or money order, made payable to the Commonwealth of Pennsylvania, and forwarded to the Pennsylvania Office of Attorney General, Bureau of Consumer Protection, 15th Floor, Strawberry Square, Harrisburg, Pennsylvania 17120.
3. The Commonwealth shall not be required to give any notice whatsoever to Respondents of their failure to pay any payment as set forth above in order for such lack of payment to be deemed a violation of this Assurance of Voluntary Compliance.

Miscellaneous Terms

- I. The obligations created herein shall be joint and several.

II. The Pennsylvania Court of Common Pleas, Lancaster County shall maintain jurisdiction over the subject matter of this AVC and over the Respondents for purpose of enforcement of the terms of this AVC.

III. Time shall be of the essence with regards to Respondents' obligations hereunder.

IV. The "Filing Date" and "Effective Date" of this AVC shall mean the date that it is filed with the Pennsylvania Court of Common Pleas, Lancaster County.

V. Any failure of the Commonwealth to exercise any of its rights under this AVC shall not constitute a waiver of its rights hereunder.

VI. Respondent Individual, Edward Gillespie, as owner of Respondent Corp., hereby states that he is authorized to enter into and execute this AVC by and on behalf of Respondent Corp.

VII. Respondents further agree to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this AVC, whether required prior to, contemporaneous with or subsequent to the Effective Date, as defined herein.

VIII. Nothing contained in this AVC shall be construed to waive or limit any right of action by any consumer, person or entity, or by any local, state, federal or other governmental entity.

IX. Respondents agree by the signing of this AVC that Respondents shall abide by each of the aforementioned provisions and that the breach of any one of these terms shall be sufficient warrant for the Commonwealth of Pennsylvania to seek penalties provided for under Section 201-8(a) of the Consumer Protection Law, 73 P.S. § 201-8(a), and to seek any other equitable relief which the Court deems necessary or proper, up to and including forfeiture of the right to engage in trade or commerce within the Commonwealth of Pennsylvania.

X. This AVC may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which together shall constitute one and the same document. One or more counterparts of this AVC may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof.

XI. Respondents understand and agree that if they have made any false statement in or related to this AVC, that such statement is made pursuant to and under penalty of 18 Pa.C.S. § 4904 relating to unsworn falsifications to authorities.

XII. This AVC sets forth all of the promises, covenants, agreements, conditions and understandings between the parties, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this AVC that are not fully expressed herein or attached hereto. Each party specifically warrants that this AVC is executed without reliance upon any statement or representation by any other party hereto, except as expressly stated herein.

XIII. If any clause, provision or section of this AVC shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this AVC and this AVC shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not be contained herein.

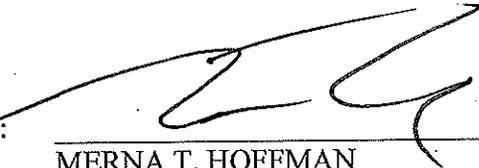
WHEREFORE, intending to be legally bound, the parties have hereto set their hands and seals.

SIGNATURES ON SEPARATE PAGE

For the Petitioner:
COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

JOSH SHAPIRO
ATTORNEY GENERAL

Date: 5/21/19

By: 

MERNA T. HOFFMAN
Deputy Attorney General
PA Attorney I.D. No. 312897
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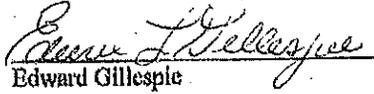
For the Respondent Corp.:
AMERICAN BEAUTY ACADEMY, INC. D/B/A
AMERICAN BEAUTY ACADEMY
LANCASTER

Date: 05/21/2019

By: Edward L. Gillespie
Edward Gillespie
Chief Executive Officer / Owner
American Beauty Academy, Inc. d/b/a American
Beauty Academy Lancaster
200 West 9th Street, Suite 300
Wilmington, DE 19801

**For the Respondent Individual:
EDWARD GILLESPIE**

Date: 05/21/2019

By: 
Edward Gillespie
5870 Lantern Court
Sarasota, FL 34243

RESOLUTION

**RESOLUTION OF THE MEMBERS
OF AMERICAN BEAUTY ACADEMY, INC.**

The Members of American Beauty Academy, Inc. met on the 24th day of April, 2019, and approved the following resolution.

RESOLVED, that Edward Gillespie, Member and Owner of American Beauty Academy, Inc. is hereby authorized and empowered on behalf of American Beauty Academy, Inc. to enter into an Assurance of Voluntary Compliance with the Commonwealth of Pennsylvania, Office of Attorney General, upon the terms and conditions contained in the proposed Assurance of Voluntary Compliance attached hereto and made a part hereof.

Filed with and attested to by the Member and Owner of the foreign Business Corporation,
this 24th day of April, 2019.

Edward L. Gillespie

Member and Owner

[SEAL]

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RESPONDENTS

Case No. CI 19-04822

CERTIFICATE OF COMPLIANCE

I certify that this filing complies with the provisions of the *Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts* that require filing confidential information and documents differently than non-confidential information and documents.

Date: 5/21/19

By:



MERNA T. HOFFMAN
DEPUTY ATTORNEY GENERAL
PA Attorney I.D. No. 312897
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RESPONDENTS

CERTIFICATE OF SERVICE

I, MERNA T. HOFFMAN, do hereby certify that on the date set forth below the Assurance of Voluntary Compliance was served upon the following via USPS regular first class mail at the following addresses:

American Beauty Academy, Inc. D/B/A
American Beauty Academy
Lancaster; and
Edward Gillespie
5870 Lantern Court
Sarasota, FL 34243

&

American Beauty Academy, Inc. D/B/A
American Beauty Academy
Lancaster; and
Edward Gillespie
512 Mimosa Court
Bradenton, FL 34212

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA OFFICE OF ATTORNEY GENERAL
JOSH SHAPIRO
Attorney General

Date: 5/21/19

By: 
MERNA T. HOFFMAN
DEPUTY ATTORNEY GENERAL
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