

IN THE CIRCUIT COURT FOR ANNE ARUNDEL COUNTY, MARYLAND

**JESSICA OLEKSY**  
6005 Heritage Hill Drive  
Glen Burnie, Maryland 21061,

**MARY PENNELL**  
457 Glendale Avenue  
Glen Burnie, Maryland 21061,

**STEPHANY COATES**  
6381 Euclid Avenue  
Elkridge, Maryland 21075,

and  
**DESTINY TEEL**  
780 Olivia Way  
Pasadena, Maryland 21122,  
*Plaintiffs,*

v.

**THE FILA ACADEMY, INC.**  
6320-F Ritchie Highway  
Glen Burnie, Maryland 21061

and

**LARRY V. FILA, JR.**  
441 Hawthorne Road  
Linthicum, Maryland 21061  
*Defendants.*

Case No.

C-10-15 3971

CIVIL DEPARTMENT  
2010 JUL 8 AM 8 38

**CLASS ACTION COMPLAINT**  
**AND JURY TRIAL DEMAND**

THE PLAINTIFFS, on behalf of themselves and similarly situated others, sue the Defendants and as for their causes of actions, they allege the following:

- 1) Defendant The Fila Academy, Inc. (hereinafter "Fila Academy") is a for-profit entity which purports to provide "career training in Basic Barbering, Nail

Technology and Skin Care Therapy.” Defendant Fila Academy is a Maryland corporation with its principal place of business in Anne Arundel County, Maryland at 6320-F Ritchie Highway, Glen Burnie, Maryland.

2) Defendant Larry V. Fila, Jr. (hereafter “Larry Fila”), is upon information and belief, owner, officer, operator and employee of Defendant Fila. Defendant Larry Fila both resides in Anne Arundel County, Maryland and works in Anne Arundel County, Maryland. Defendant Larry Fila committed the wrongs alleged herein in both his individual capacity and as an agent, servant and/or employee of Defendant Fila acting within the course and scope of his employment and/or agency.

3) Jurisdiction and venue are proper over the Defendants in this Court. Defendant Fila Academy carries on a regular business in Anne Arundel County, Maryland, and has its principal place of business at 6320-F Ritchie Highway, Glen Burnie, Maryland 21061. Defendant Larry Fila is a resident of Anne Arundel County, Maryland, residing at 441 Hawthorne Court, Linthicum, Maryland 21090

4) For that Defendants represent to potential consumers, including the Plaintiffs, and did represent during the period relevant to this suit, that Fila Academy operates an educational program in a “state-of-the art facility”, and that it provides “a quality education” designed to develop students into “licensed professional(s).” Defendants falsely represent to Plaintiffs who cannot afford Defendants’ large tuition that they need not worry about the costs. They falsely represented that they were connected with Paul Mitchell, a school that is reputable in the industry. The Defendants failed to inform Plaintiffs that they have to

purchase their own tools, bring their own customers, and that they must meet a quota for the sales of Defendants' products in order to succeed in the program. Defendants informed Plaintiffs that they would make a large salary upon graduation. In fact, contrary to clear warning from the Maryland Department of Education, Fila lied to students and represented that they would make as much in salary as "doctors and lawyers." The Defendants claimed that they have high standards for admitting students, which was also not true. Plaintiffs later learned that Defendants would accept individuals without reviewing a high school diploma, or its equivalent. The Defendants knew they would not retain the students after the funds have arrived from the loans and the Federal government. The Defendants represented at the time of admissions, particularly through its writings, that it had due process and progressive dismissal policies. This too was not true. The Defendants falsely represented that it had qualified instructors. The Defendants also falsely represented that they have a bona fide testing procedure when, in fact, Fila gave the students the "answers" to questions before examinations.

5) This action is maintainable as a class action pursuant to Rule 2-231. The Plaintiffs believe that the class they propose to represent is so numerous that joinder of all members is impracticable; there are questions of law and fact common to the class, and the claims or defenses of the named Plaintiffs are typical of the claims and defenses of the class. The Plaintiffs will fairly and adequately protect the interests of the class.

6) Defendant Fila Academy charges each student \$16,300.00 to enter into a particular program. For instance, Defendant Fila Academy charges

\$16,300.00 for "Basic Barbering", but this amount does not entitle the student to take a class regarding nails, or skin care. Instead, Defendant Fila Academy requires that separate amounts be paid for each such class. In exchange for the aforesaid amounts, the Defendant Fila Academy is obligated to provide complete training of each student, including the named Plaintiffs to prepare each "to pass the State Board Exam [and] develop a career as a licensed professional." Defendant Fila Academy is contractually obligated to provide the students with a set number of "core" classes, after which the students perform clinical work within Defendant Fila Academy's shop.

7) Upon enrolling in the program, the Plaintiffs find themselves performing demeaning tasks such as cleaning the toilets. Rather than strictly learning, the students find themselves working as salespersons marketing and selling Fila products for the benefit of the business and the defendants.

8) Contrary to the representations the Defendants make regarding the quality of education that Defendant Fila Academy provides, Defendant Fila Academy fails to provide students and has failed to provide Plaintiffs with the proper and complete instructions promised. The result is that students are unable to fully perform tasks beyond the core component of the program. Fila does not provide enough instructors to teach on the salon floor. This is in conflict with Maryland Department of Education guidelines. Fila increased the number of students but did not increase the number of teachers; the motivation being only profit for Fila.

9) That Defendant Larry Fila, sole shareholder and director of Fila, acting at all times individually and as agent, servant, officer and/or employee of the

Defendant, within the course and scope of his employment, is notorious amongst the students for being an unprofessional bully who is incapable of respecting the students, and whose intentional and outrageous actions have caused severe emotional distress to Plaintiffs.

10) Defendant Fila Academy, through its director, has refused to provide instruction paid for by Plaintiffs.

11) Defendant Fila Academy, through its director, Defendant Larry Fila, purports to have specific progressive discipline for potential students, including the Plaintiffs. Specifically, the contractually binding discipline procedure provides for a multi-step process for "positively changing" the student's behavior "through encouraging discussion and advising." Defendant Fila Academy agreed to administer five (5) disciplinary steps before a student is dismissed, which include:

1-4 <sup>th</sup> Disciplinary Notice	Verbal/Written Advising
5 <sup>th</sup> Disciplinary Notice	30 Day Vacation With Verbal/Written Advising
6 <sup>th</sup> Disciplinary Notice	Dismissal

12) Defendant Fila Academy represents to students in its catalogue that these steps would take place. This representation is false. Moreover, Defendant Fila Academy deliberately engages in persistent breach of contract by ignoring this contractually binding procedure upon which students rely when enrolling in Defendants' school.

13) Plaintiffs enroll in Plaintiffs' programs on Defendants' false promises that they would become "a licensed professional." Pursuant to the Enrollment

Contract, the Plaintiffs become obligated to pay the amount of \$16,300.00. The Defendants engaged in unfair or deceptive trade practices because they knew that Defendant Fila Academy did not intend to honor the representations made in the catalogue. In doing so, Defendant Fila Academy also breached its agreement with Plaintiffs.

14) Plaintiff Jessica Oleksy joined the Defendants because of their promises to provide students with "up to the minute interactive training" and giving students "a successful life." The Plaintiff had contacted the Defendants to make an inquiry regarding the program. Defendants called the Plaintiff repeatedly until she made an appointment to visit the school. The sales representative asked the Plaintiff to complete FAFSA, aid and loan forms. The representative told Ms. Oleksy "you don't need to pay anything for the programs we have..." This representation turned out to be false, as Plaintiff is now indebted and is required to pay thousands of dollars in student loans. This Plaintiff requested a leave of absence and was granted such leave. Unbeknownst to Ms. Oleksy, Defendants planned to sue Plaintiff in an effort to gain more funds.

15) That Plaintiff Oleksy was enrolled as a student in Fila's evening program, which is more substandard than the day program. The teachers were not qualified and they changed frequently, as Plaintiff recalls as many as 5-6 instructors. The class instruction was held on Monday evening and the remainder of the week was spent on cutting the hair of Fila clients. This Plaintiff was not informed that she was required to meet a quota for selling Defendants' products, and was not aware that this quota was part of the "skill sheet" and the grade. Plaintiff's dismissal was

not justified and Plaintiff was entitled to a full refund of the amounts, which she and the Federal Government paid Fila.

16) The Defendants do not have standardized acceptance standards, and both Plaintiffs Oleksy and Teel are examples of the fact that Fila is more interested in securing federal funds, grants and loans, rather than insuring that the proper documents are received.

17) Defendants represent to students that they have an actual program that involves learning and that students are tested for their knowledge. In truth and in fact, students are provided with answers to exam questions before each exam, leaving no integrity to the educational process of Fila.

18) Plaintiff Mary Pennell is a single mother who wished to improve her life and the life of her child. She learned about Fila through the Internet. She contacted the Defendants and appeared for a sale presentation. At the time of the sale presentation, Defendants withheld from Ms. Pennell any information regarding the requirement that she had to secure customers for the Defendants, and there was no mention of the requirement that she sell products for Fila's benefit. Sometime in the Spring of 2009, Plaintiff Pennell's child became ill, and Plaintiff with her instructor's approval, took a day off.

19) That in violation of their own contract, Defendants dismissed Plaintiff Pennell for taking the day off to be with her sick child. In so doing, Defendants ignored the steps of "discipline" as they did with other Plaintiffs. Defendants had Ms. Pennell sign a number of loan and aid documents. As a result, Plaintiff Pennell owes thousands of dollars in student loans.

20) Although Defendants dismissed Ms. Pennell, they attempted to falsify this fact by recently labeling the dismissal as "a withdrawal". Plaintiff's dismissal was not justified and Plaintiff was entitled to a full refund of the amounts, which she and the Federal Government paid Fila. One of the troubling aspects of Plaintiff's transaction is the fact that financial aid forms were completed in her name, without her being aware that she signed up for student loans.

21) Plaintiff Stephany Coates was also dismissed by the Defendants for taking the day off after Plaintiff's teacher cleared such leave. Prior to enrolling in November 2008, the Defendants failed to inform this Plaintiff that she would be required to obtain customers and that there is a selling quota for Defendants' products. A single mother, Plaintiff Coates was not given the counseling set forth in Defendants' agreement, Para. 12 above. Thus, even assuming the authorized leave was in any respect wrong, the Defendants failed to give Plaintiff any warnings, etc.. prior to dismissal.

22) The dismissal of Ms. Coates, which was not warranted caused her severe emotional distress, in addition to the loss of tuition and loss of income. One of the troubling aspects of Plaintiff's transaction is the fact that financial aid forms were completed in her name, without her being aware that she signed up for student loans.

23) The Defendants enrolled Plaintiff Destiny Teel into the program to receive the federal funds, and after they were in possession of the funds, they informed her that she "was too immature to complete the program." Plaintiff Teel was dismissed. She was charged 60% of the tuition.

24) Although minor at the time, Defendant Fila, in an extreme and outrageous fashion, met with Plaintiff Teel without her parent, Ms. Alicia Schline. He told Ms. Teel that she was dismissed because of her immaturity, and, as a result, Ms. Teel attempted to take her own life. Plaintiff's dismissal was not justified and Plaintiff was entitled to a full refund of the amounts, which she and the Federal Government paid Fila.

**COUNT I**  
**FRAUD**

25) The Plaintiffs incorporate by reference all of the allegations made above (and below) in this Complaint as if fully set forth herein and further state:

26) For that Defendants made promises and representations, which Defendants knew to be false, including but not limited to representations regarding the quality of the program, the instruction, and the reputation of the school, the nature of financial aid (that students would not have to pay additional funds) all of which were false. All of the representations made in Paragraph Five (5) above were false.

27) That at the time of their enrollment, Defendants suggest to Plaintiffs that they need not worry about tuition payments because the Plaintiffs would receive financial aid.

28) Defendants unlawfully completed forms and asked Plaintiffs to sign them. Unbeknownst to Plaintiffs, these forms were actually loan documents that obligated Plaintiffs to pay loans. The Plaintiffs learn that they incurred loan-indebtedness only after they are sued by Defendants, which occurs frequently.

29) Fila lied to Plaintiffs about the quality of the school. The Defendants represented that they had acceptance standards. That was not true. Defendants wished to collect the federal and other funds, and then rid themselves of the students. Defendants omitted to inform Plaintiffs at the teach they each had their sales presentation that they would have a sales quota for the sale of Defendants' merchandise and that this would be part of their grade. The Defendants failed to inform Plaintiffs that they would not receive refunds when they are dismissed for unjustified reasons, and that, in fact, Plaintiffs would owe Defendants money.

30) Defendants took Plaintiffs' monies and enrolled them knowing of their circumstances and knowing that they would dismiss Plaintiffs. A very clear example of this is accepting Ms. Destiny Teel, knowing her of her age (16), and then dismissing her for "immaturity"; and accepting Plaintiffs who are single mothers and then dismissing them for the circumstances that Defendants knew existed. In other words, Defendants knowingly enrolled Plaintiffs that they knew they would dismiss.

31) These promises, representations and omissions were intentional and were committed with malice, or its functional equivalent.

32) Plaintiffs reasonably relied upon the representations and omissions to their detriment. The oral and written statements complained of herein were false and/or misleading, or had the capacity or tendency to mislead consumers, including plaintiffs. At the time they signed contracts to enroll in Defendants' school, the plaintiffs were informed that after completing "core" they would have an instructor. After core, Plaintiffs learned that there were no set instructors, and that there was

no continuity to the program. Evening students had instructors of low quality and a high turn over rate, which made for a lack of continuity.

33) Defendants did not inform Plaintiffs, at the time they signed their contracts with Defendant Fila Academy, that Plaintiffs would not cut hair or perform hairstyling if they did not bring their own customers on Saturday. Instead, the Plaintiffs would sit idly, or clean Defendants' premises. Had Plaintiffs known this information, they would not have signed contracts to enroll in the school.

34) Defendants informed plaintiffs that the school made the decision to end its dealings with Paul Mitchell due to Paul Mitchell's failure to meet its contractual obligations. Plaintiffs believe and therefore aver that this representation was also false.

35) Defendants falsely informed Plaintiffs that they need only sign financial aid forms and that they would not need worry about paying funds. This was false and misleading not only because federal aid money belongs to Plaintiffs, but the Plaintiffs later learned that Defendants fraudulently completed their forms so as to make Plaintiffs responsible for loan payments.

36) Defendants promised Plaintiffs an education and a certificate from the State of Maryland never intending to fulfill that promise.

37) As a result of Defendants' practices as described above, Plaintiffs were significantly harmed in that they lost the amounts paid in tuition and fees, and lost wages, incurred attorneys fees, as well as suffering compensatory and other damages. The Plaintiffs also suffered significant and severe emotional harm as a

result of Defendant's intentional and/or reckless conduct, which has been complained of above.

WHEREFORE, your Plaintiffs pray a judgment in the amount of Three Million Dollars (\$3,000,000.00) in compensatory damages, and Ten Million Dollars (\$10,000,000.00) in punitive damages, plus cost of suit.

**COUNT II**  
**UNFAIR OR DECEPTIVE TRADE PRACTICES ACT**  
**MARYLAND COMMERCIAL LAW 13-301, et seq.**

38) The Plaintiffs incorporate by reference all of the allegations made above and in this Complaint as if fully set forth herein and further state:

39) For that Defendants' promises and misrepresentations, which they made knowing the same could not be delivered, and/or the failure of Defendants to deliver upon such promises and misrepresentations, constitute unfair and deceptive trade practices in violation of Maryland Commercial Law Section 13-301, *et seq.* The oral and written statements complained-of herein were false and/or misleading, or had the capacity or tendency to mislead consumers, including Plaintiffs.

40) Fila misrepresented to Plaintiffs about the quality of the school. The Defendants represented that they had acceptance standards. That was not true. Defendants wished to collect the federal and other funds, and then rid themselves of the students. Defendants omitted to inform Plaintiffs at the teach they each had their sales presentation that they would have a sales quota for the sale of Defendants' merchandise and that this would be part of their grade. The Defendants failed to inform Plaintiffs that they would not receive refunds when they are

dismissed for unjustified reasons, and that, in fact, Plaintiffs would owe Defendants money. All of the representations made in Paragraph Five (5) above were false.

41) Defendants took Plaintiffs' monies and enrolled them knowing of their circumstances and knowing that they would dismiss Plaintiffs. A very clear example of this is accepting Ms. Destiny Teel, knowing her of her age (16), and then dismissing her for "immaturity"; and accepting Plaintiffs who are single mothers and then dismissing them for the circumstances that Defendants knew existed. In other words, Defendants knowingly enrolled Plaintiffs that they knew they would dismiss.

42) Defendants promised Plaintiffs an education and a certificate from the State of Maryland never intending to fulfill that promise. However, even if Defendants did not harbor such intention, the promise is deceiving and has a tendency to deceive consumers and, therefore, violates the Act.

43) As a result of Defendants' practices, Plaintiffs were significantly harmed in that they lost the amounts paid in tuition and fees, and in lost wages, attorneys' fees, and compensatory and other damages contemplated under the Act. The Plaintiffs also suffered significant and severe emotional harm as a result of Defendants' intentional or reckless conduct, which has been complained of hereinabove.

WHEREFORE, your Plaintiffs pray a judgment in the amount of Three Million Dollars (\$3,000,000.00), including compensatory damages, statutory damages, attorneys' fees, plus cost of suit.

**COUNT III**  
**BREACH OF CONTRACT**

44) The Plaintiffs incorporate by reference all of the allegations made above and in this Complaint as if fully set forth herein and further state:

45) Defendants' oral and written promises constitute contractual obligations for Defendant Fila Academy to deliver upon educational and other services promised. Moreover, Defendant Fila Academy clearly agreed to provide a procedure to be followed before dismissing any of its students. This agreement was specifically breached as to the two named Plaintiffs, and Plaintiffs believe that Defendant Fila Academy breaches the said provision as a matter of course. The failure to deliver upon the promises was a material breach, which caused Plaintiffs substantial harm.

46) The Plaintiffs each met Defendant Fila Academy's expectations by meeting all of the educational elements required of them, notwithstanding the fraudulent nature of Defendant Fila Academy's business.

WHEREFORE, your Plaintiffs pray for judgment in the amount of Three Million Dollars (\$3,000,000.00) in compensatory damages, plus costs of suit.

**COUNT IV**  
**UNJUST ENRICHMENT**

47) The Plaintiffs incorporate by reference all of the allegations made above and in this Complaint as if fully set forth herein and further state:

48) For that the Defendants have received the benefit of hundreds of thousands of dollars as a result of individual Plaintiffs enrolling in Fila. The

Plaintiffs expected to receive a benefit from the Defendants in exchange for the said funds.

49) That Defendants knew that they accepted Plaintiffs' significant funds and retained the same.

50) Defendants kept Plaintiffs' monies, demanded some more insuring that it received the full \$16,300.00 from each Plaintiff, and dismissed Plaintiffs without giving them the certification and licensure promised and without issuing them refunds. Under these circumstances, it would be inequitable for the Defendants to retain the funds without payment of its value or the return of the money.

WHEREFORE, your Plaintiffs pray for judgment in the amount of Three Million Dollars (\$3,000,000.00) in compensatory damages, plus costs of suit.

**COUNT V**  
**INTENTIONAL INFLECTION OF EMOTIONAL DISTRESS**

51) The Plaintiffs incorporate by reference all of the allegations made above and in this Complaint as if fully set forth herein and further state:

52) Defendants' conduct, as described herein, including but not limited to requiring Plaintiffs to perform demeaning tasks such as cleaning the toilets, is intolerable, extreme and outrageous. More significantly, Defendant's harassment of Plaintiffs, parading them before others and demeaning them, their looks and their appearance constitute extreme and outrageous conduct, and this and other intentional and malicious conduct caused Plaintiffs to suffer severe and substantial emotional distress. Defendants bullied students, demeaned them, and humiliated

them. Defendant Fila criticized students for their physical appearance. He knew that Plaintiff Teel was a minor and proceeded to dismiss her from the program.

53) Examples of Defendants' extreme and outrageous conduct include enrolling Plaintiff Teel into the school knowing her age and maturity level, meeting with her alone and without her parent, belittling her and informing her that she is dismissed because of her "immaturity".

54) Proof of how extreme and outrageous this conduct is and the extreme emotional distress resulting from such conduct is the fact that Ms. Teel attempted to take her own life.

55) Defendant Fila humiliated the Plaintiffs repeatedly from the moment he decided to dismiss them through the actual dismissal from the school. However, the humiliation did not end with the dismissals.

56) For that after their dismissal, Fila engaged in a collection process that was designed to further harass the Plaintiffs and place them under further emotional distress. In fact, the Plaintiffs who were sued suffered further humiliation and severe emotional distress.

WHEREFORE, your Plaintiffs pray a judgment in the amount of Three Million Dollars (\$3,000,000.00) in compensatory damages, and Ten Million Dollars (\$10,000,000.00) in punitive damages plus cost of suit.

**Demand for Trial By Jury**

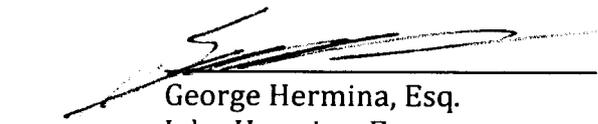
The Plaintiffs respectfully demand a trial by jury on all of the issues to be so tried.

Respectfully Submitted,

THE PLAINTIFFS,

BY:

  
\_\_\_\_\_  
Their Counsel  
Allan W. Steinhorn  
CLARK & STEINHORN, LLC  
11720 Beltsville Drive  
Suite 1001  
Beltsville, Maryland 20705  
Tel 301-572-5000

  
\_\_\_\_\_  
George Hermina, Esq.  
John Hermina, Esq.  
HERMINA LAW GROUP  
Laurel Lakes Executive Park  
8327 Cherry Lane  
Laurel, Maryland 20707  
Tel 301-206-3166