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RUSSELL JONES, KEISHA CAPPEL, ANNE OLIVER and WARREN YOUNG, on behalf of himself and all others similarly situated,	PHILADELPHIA COUNTY
Plaintiff,	COURT OF COMMON PLEAS
v.	Civil Division
EEG, INC., FRANK SCHOENEMAN, and MICHAEL D. BOUMAN, all conducting business as the “Empire Education Group,”	NO. 160800812
Defendants.	<b>NOTICE OF PENDENCY OF CLASS ACTION PROPOSED SETTLEMENT AND HEARING DATE FOR COURT APPROVAL</b>

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**ATTENTION: ALL CUSTOMERS WHO PAID FOR A STUDENT PROVIDED COSMETOLOGY SERVICE AT ONE OF EEG’S STUDENT SALON CLINICS IN PENNSYLVANIA BETWEEN AUGUST 12, 2009 AND JANUARY 12, 2017, OR AT ONE OF EEG’S STUDENT SALON CLINICS IN NEW JERSEY BETWEEN JULY 2, 2009 AND JANUARY 12, 2017.**

This notice informs you of a proposed settlement (“Settlement”) of a class action claim against EEG, Inc. d/b/a “Empire Beauty School” (“Empire”), Frank Schoeneman and Michael D. Bouman (collectively “Defendants”). Empire has agreed, under the terms of the Settlement, to provide you with an opportunity to submit a valid and timely Proof of Claim through which you may be eligible to receive compensation as further discussed below.

**SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:**

<p><b>Submit a Proof of Claim</b></p>	<p>If you are an eligible Settlement Class Member who visited an EEG clinic less than Five (5) times during the Settlement Class Period and you wish to receive either a one-time payment of up to \$10.00 or six \$5 Services Vouchers valued at \$30.00 for use at one of Empire’s student salons in Pennsylvania or New Jersey to receive future services, or if you are an eligible Settlement Class Member who visited an EEG clinic Five (5) times or more during the Settlement Class Period and you wish to receive a one-time payment of up to \$10.00 and six \$5 Services Vouchers valued at \$30.00 for use at one of Empire’s student salons in Pennsylvania or New Jersey to receive future services, you need to complete and submit a Proof of Claim in a timely manner. The Proof of Claim is necessary to ensure that only eligible Settlement Class Members receive a benefit. A Proof of Claim form is available at the Settlement Web site at <a href="http://www.EmpireBeautySchoolSettlement.com">www.EmpireBeautySchoolSettlement.com</a> or by calling the Claims Administrator toll free at 1-855-648-7266 or by writing the Claims Administrator at Empire Litigation Claims Administrator, 1801 Market Street, Suite 660, Philadelphia, PA 19103.</p>
<p><b>Do Nothing</b></p>	<p>By doing nothing, you forfeit the opportunity to receive any compensation and you give up any rights to sue Defendants, and certain parties related to them, separately about the claims that have been or could have been asserted in this lawsuit.</p>
<p><b>Ask to be Excluded</b></p>	<p>By asking to be excluded, you will not share in this Settlement. This is the only option that allows you to keep any rights to sue Defendants about the same legal claims in this lawsuit.</p>
<p><b>Object</b></p>	<p>You may write to the Court about why you do not like the Settlement.</p>
<p><b>Go To A Hearing</b></p>	<p>You may ask to speak in Court about the fairness of the Settlement.</p>

Your rights and options – and the deadlines to exercise them – are explained in detail below.

The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after appeals are resolved. Please be patient.

Questions? Visit [www.EmpireBeautySchoolSettlement.com](http://www.EmpireBeautySchoolSettlement.com) or call toll free 1-855-648-7266

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## BASIC INFORMATION

### 1. Why did I receive notice of this lawsuit?

This lawsuit involves allegations that Empire employs a uniform policy and common course of conduct at its school salons in Pennsylvania and New Jersey of charging standardized fees to members of the public for student-provided cosmetology treatments which are higher than the costs of the materials used in providing those treatments in violation of the law pursuant to 63 P. S. §513 and N.J.S.A. § 45:5B-3(h). **The records of Empire indicate that you received and paid for services at one of its school salon locations in Pennsylvania between August 12, 2009 and January 12, 2017 or in New Jersey between July 2, 2009 and January 12, 2017.**

You previously received a postcard notice because you have a right to know about the proposed Settlement of this class action lawsuit, and about your options, before the Court decides whether to approve the Settlement. If the Court approves it and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the Court of Common Pleas of Philadelphia County, and the case is pending in front of the Honorable Nina Wright Padilla. The lawsuit is known as *Russell Jones et al. v. EEG, Inc., et al.*, August Term, 2016 No. 160800812. The persons who sued are called Plaintiffs, and the parties sued are called the Defendants.

### 2. What is this lawsuit about?

This is a proposed class action on behalf of customers of student salons run by Empire in Pennsylvania or New Jersey operating under the name “Empire Beauty School” (hereafter “Empire”), who were subjected to alleged overcharges for services received at one of its school salon locations in Pennsylvania between August 12, 2009 and January 12, 2017, or one of its school salon locations in New Jersey between July 2, 2009 and January 12, 2017. Empire runs a school of cosmetology and also operates student beauty salons in Pennsylvania and New Jersey where cosmetology treatments are provided to the general public by Empire’s students in exchange for fees paid to Empire. Plaintiff alleges that Defendants charged fees to members of the public for student-provided cosmetology treatments which were higher than the costs of the materials used in providing those treatments. It is Plaintiffs’ contention that this profit violates 63 P.S. § 513 N.J.S.A. § 45:5B-3(h).

### 3. Why is this lawsuit a class action and who is involved?

In a class action lawsuit, one or more people called “Class Representatives” or “Lead Plaintiffs” sue on behalf of other people who have similar claims. The people together are a “Class” or “Class Members” (in this case the Settlement Class). The persons who sued—and all of the Settlement Class Members like them—are called the Plaintiffs. The individual, and/or company they sued (in this case Empire, Schoeneman and Bouman) are called the Defendants. One Court resolves the issues for everyone in the Settlement Class—except for those

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people who choose to exclude themselves from the Settlement Class. Judge Padilla is in charge of this case and certified the lawsuit as a class action for settlement purposes only.

#### **4. Why is there a settlement?**

The Court did not issue a final ruling in favor of Plaintiffs or Defendants. Instead, Lead Plaintiffs and Defendants agreed to enter into the Settlement after an extensive exchange of information and vigorous arms-length negotiations. That way, they avoid litigation costs, and the people affected will get compensation. The Lead Plaintiffs, and counsel for the Lead Plaintiffs (“Lead Counsel”) and the Settlement Class Members, think the Settlement is best for the Settlement Class Members.

### **WHO IS COVERED BY THE SETTLEMENT?**

#### **5. Am I a Settlement Class Member?**

Your receipt of the postcard notice indicates that you have been identified as a potential Settlement Class Member because, according to Empire’s records, you received and paid for services at one of Empire’s student salons locations in Pennsylvania between August 12, 2009 and January 12, 2017, or in New Jersey between July 2, 2009 and January 12, 2017.

### **THE SETTLEMENT BENEFITS - WHAT YOU GET**

#### **6. What does the Settlement provide?**

If approved by the Court, the Settlement will result in dismissal of this case and final resolution of all claims raised against Defendants. Such dismissal will release Defendants from liability for the claims in this lawsuit. The terms of the Settlement are described in full in a document known as the Settlement Agreement (“Settlement Agreement”). The Settlement Agreement is available for your inspection at [www.EmpireBeautySchoolSettlement.com](http://www.EmpireBeautySchoolSettlement.com). The capitalized terms as used in this notice have the same meaning as the terms set forth in the Settlement Agreement.

#### **7. What can I get from the Settlement?**

Under the Settlement, Empire is making a Settlement Fund of \$6,750,000 comprised of \$2,000,000 in cash and \$4,750,000 in Services Vouchers available to compensate the claims of eligible Settlement Class Members and certain other fees and expenses. The Settlement Fund will be applied first to any applicable taxes and to pay any compensation to Lead Counsel and the Lead Plaintiffs, and Administrator fees, as described in the Settlement Agreement. After those payments, the Settlement Fund will be applied to valid and timely claims submitted by Settlement Class Members. It is anticipated that the Settlement Fund will enable valid Class Members who visited an EEG clinic less than Five (5) times during the Settlement Class Period and who submit timely claims to receive a payment of up to \$10 cash **or** six \$5 Services Vouchers to receive services at one of Empire’s student salons located in Pennsylvania or New Jersey. Also, it is anticipated that the Settlement Fund will enable valid Class Members who visited an EEG clinic Five (5) times or more during the Settlement Class Period and who submit timely claims to receive a payment of up to \$10 cash **and** six \$5 Services Vouchers to receive services at one of Empire’s student salons located in Pennsylvania or New Jersey. Services Vouchers are not redeemable for any cash whatsoever. Settlement Class

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members shall be limited to only redeem one Service voucher per visit. Further, Services Vouchers may not be used for products or goods and may only be redeemed at Empire clinic locations in Pennsylvania or New Jersey for services. In the event that the Settlement Fund, net of the payments described herein, is not sufficient to enable a payment of \$10 cash for each claim and six \$5 Services Vouchers (for a total of \$30 in Service Vouchers) for each claim, the per-claim payment will be decreased in proportion to the total number of claims made. If you are an eligible Settlement Class Member and wish to receive this benefit, you must timely submit a Proof of Claim to the Claims Administrator as described below.

## HOW YOU GET COVERAGE - SUBMITTING A CLAIM

### 8. How can I make a claim?

If you are an eligible Settlement Class Member and you wish to receive benefits, you need to complete and submit a Proof of Claim in a timely manner. This form is necessary to ensure that only eligible Settlement Class Members receive a benefit. The Proof of Claim is available at the Settlement Web site at [www.EmpireBeautySchoolSettlement.com](http://www.EmpireBeautySchoolSettlement.com) or by calling the Claims Administrator toll free at 1-855-648-7266 or by writing the Claims Administrator at Empire Litigation Claims Administrator, 1801 Market Street, Suite 660, Philadelphia, PA 19103.

The fully completed Proof of Claim must be submitted via either email to [info@EmpireBeautySchoolSettlement.com](mailto:info@EmpireBeautySchoolSettlement.com), fax to 215-525-0209 or U.S. mail to the Claims Administrator at Empire Litigation Settlement at 1801 Market Street, Suite 660, Philadelphia, PA 19103. The deadline for submission of the Proof of Claim is **April 22, 2017**. Accordingly, to be valid, Proofs of Claim must be postmarked, emailed or faxed no later than **April 22, 2017**, and accurately addressed to the Claims Administrator. You may attend the court hearing described below if you wish, but your attendance or non-attendance will not affect your eligibility to submit the Proof of Claim. You do not need to appear in court, and you do not need to hire an attorney in this case.

### 9. When would I get my payment?

The Court will hold a hearing on **April 6, 2017 at 10:00 a.m.**, to decide whether to approve the Settlement. If Judge Padilla approves the Settlement, and after that, no appeal is taken, then you will be receiving your payment promptly. If an appeal is taken, then resolving it may take some time, perhaps up to, or more than, a year. Please be patient.

### 10. What am I giving up to get a payment or stay in the Settlement Class?

Unless you exclude yourself, you are staying in the Settlement Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Defendants regarding the legal issues in this case. It also means that all of the Court's orders will apply to you and legally bind you. In addition, as a result, as further detailed in the Settlement Agreement, Settlement Class Members who have not timely requested exclusion from this Settlement Class shall be deemed to Release all claims consistent with the Release herein. In the Settlement Agreement and Release, Defendants and their respective owners, shareholders, officers, employees, agents, representatives and insurers are fully released from any and all claims or causes of action, whether known or unknown, that were, or could have been, asserted by the named Plaintiff or any member of the Settlement Class, their respective spouses, former spouses, successors, heirs, executors and administrators ("Releasers") against the Defendants, EEG, Inc. d/b/a "Empire Beauty School", Frank Schoeneman, and

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Michael D. Bouman (“Defendants”), their parents, shareholders, partners, general partners, subsidiaries and affiliated companies and entities, as well as their officers, managers, representatives, officials, agents, employees, affiliates, predecessors, insurers and their successors and assigns and all other related persons, firms, corporations and any and all other named or unnamed persons or entities (“Releasees”) arising out of Empire’s charging of services to consumers at any of its schools in Pennsylvania or New Jersey which were the subject of the of the Action.

## **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from the Settlement, but you want to keep the right to sue or continue to sue Defendants, on your own, about the legal issues in this case, then you must take steps to get out. This is called excluding yourself or is sometimes referred to as opting out of the Settlement Class.

### **11. How do I get out of the Settlement?**

To exclude yourself from the Settlement, you must send a letter by mail saying that you want to be excluded from the Empire Litigation Settlement. Be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request letter postmarked by **March 23, 2017**, to the Clerk at the Philadelphia Court of Common Pleas, City Hall, Market and Broad, Philadelphia, PA 19107.

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. If you exclude yourself, you will not be legally bound by anything that happens in this lawsuit.

### **12. If I do not exclude myself, can I sue Defendants for the same thing later?**

No. Unless you exclude yourself, you give up the right to sue Defendants for the claims that the Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that lawsuit immediately. You must exclude yourself from this Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **March 23, 2017**. Any exclusion request postmarked after that date will not be valid, and the sender will be a Settlement Class Member and bound by the Settlement and Release.

## **THE LAWYERS REPRESENTING YOU**

### **13. Do I have a lawyer in this case?**

The Court decided that the law firm of DeNittis Osefchen, P.C. of Philadelphia, Pennsylvania and Marlton, New Jersey is qualified to represent you and all Settlement Class Members. The law firm is called “Lead Counsel.” It is experienced in handling similar cases. More information can be obtained about these law firm, their practices, and their lawyers’ experience by contacting the following Lead Counsel:

Stephen P. DeNittis, Esq.  
DENITTIS OSEFCHEN P.C.  
5 Greentree Centre, Suite 410, Marlton, NJ 08053  
(856) 797-9951  
Email: [sdenittis@denittislaw.com](mailto:sdenittis@denittislaw.com)  
Website: [www.denittislaw.com](http://www.denittislaw.com)

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#### **14. How will the lawyers be paid?**

Lead Counsel has pursued this lawsuit on a contingent basis and has paid all costs of the lawsuit. These attorneys have not yet been paid or recovered any of their costs associated with the lawsuit. As part of the Settlement, Lead Counsel will request a payment of 23% of the Settlement Fund or their reasonable attorneys' fees, and costs not to exceed \$29,500. Lead Counsel's petition for fees and costs will be filed with the Court no later than March 6, 2017, and may be reviewed by any interested party. The Court will make a determination of reasonable fees and costs at the Fairness Hearing based on Lead Counsel's Application and responses thereto, if any. Any money paid to Lead Counsel will be paid out of the Settlement Fund created by EEG.

### **OBJECTING TO THE SETTLEMENT**

You can tell the Court that you do not agree with the Settlement or some part of it.

#### **15. How do I tell the Court that I do not like the Settlement?**

You can object to the Settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must (a) have served on the following counsel, such that they are received by such counsel on or before fourteen (14) calendar days before the Settlement Hearing, (i) a written notice of objection, including a written notice of your intention to appear if you intend to do so, (ii) a written statement of the position you will assert, (iii) the reasons for your position, and (iv) copies of any papers, briefs or other matter you wish the Court to consider:

Stephen P. DeNittis, Esq.  
Shane Prince, Esq.  
DENITTIS OSEFCHEN P.C.  
5 Greentree Centre, Suite 410  
Marlton, NJ 08053  
(856) 797-9951

#### **Counsel for Plaintiff**

and

James L. Beausoleil, Jr. Esquire  
Natalie Hrubos, Esquire  
Duane Morris, LLP  
30 South 17<sup>th</sup> Street  
Philadelphia, PA 19103-4196  
215-979-1000 – phone  
215-979-1020 – fax

#### **Counsel for Empire Defendants**

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and (b) filed said objections, papers and briefs, and proof of service on the above-listed counsel, and with the Philadelphia Court of Common Pleas, City Hall, Market and Broad, Philadelphia, PA 19107, on or before the same date. Any Settlement Class Member who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection (including any right of appeal) and shall forever be foreclosed from making any such objection, including any objection to the fairness or adequacy of the proposed Settlement as incorporated in the Settlement Agreement, unless otherwise ordered by the Court.

#### **16. What is the difference between objecting and excluding?**

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class or the Settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

### **THE COURT’S FAIRNESS HEARING**

#### **17. When and where will the Court decide whether to approve the Settlement?**

The Court will hold a Fairness Hearing on **April 6, 2017, at 10:00 a.m.**, at the Philadelphia Court of Common Pleas, City Hall, Court Room 446, Market and Broad, Philadelphia, PA 19107. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Padilla will listen to people who have asked to speak at the hearing. At or after the hearing, the Court will also decide whether to approve the Settlement and how much to pay Lead Counsel. We do not know how long these decisions will take.

#### **18. Do I have to come to the hearing?**

No. Lead Counsel will answer any questions Judge Padilla may have. But, you are welcome to come at your own expense. If you send an objection, you may come in person to the Court for the Fairness Hearing, retain your own attorney to appear for you at the Fairness Hearing, or not come at all, and the Court will consider your objection.

#### **19. May I speak at the hearing?**

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your “Notice of Intention to Appear in *Russell Jones et al. v. EEG Inc., et al.*, August Term, 2016 No. 160800812.” Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than **March 23, 2017**, and be sent to the Court at the Philadelphia Court of Common Pleas, City Hall, Market and Broad, Philadelphia, PA 19107. You cannot speak at the hearing if you excluded yourself from the Settlement Class.

## IF YOU DO NOTHING

### 20. What happens if I do nothing at all?

If you do nothing, you forfeit the opportunity to receive any monetary compensation and you give up any rights to sue Defendants separately about the claims that have been or could have been asserted in this lawsuit.

## GETTING MORE INFORMATION

### 21. Are there more details available?

The Pleadings, the Settlement Agreement, and other papers filed in this lawsuit are available for your inspection in the Philadelphia Court of Common Pleas, located at City Hall, Market and Broad, Philadelphia, PA 19107.

Additional information may be obtained at the Settlement Web site at [www.EmpireBeautySchoolSettlement.com](http://www.EmpireBeautySchoolSettlement.com). You may also contact the Claims Administrator toll free at 1-855-648-7266 or in writing to Empire Litigation Claims Administrator, 1801 Market Street, Suite 660, Philadelphia, PA 19103. Additionally, you may contact Lead Counsel, whose contact information is listed above.

PLEASE DO NOT TELEPHONE THE COURT OR THE CLERK OF THE COURT.

DATE: JANUARY 12, 2017.

Questions? Visit [www.EmpireBeautySchoolSettlement.com](http://www.EmpireBeautySchoolSettlement.com) or call toll free 1-855-648-7266