

## **Marinello School of Beauty Borrower Defense Executive Summary**

Pursuant to 34 C.F.R. §685.222(e)(3), the Department of Education (“Department”) is charged with conducting a fact-finding process to determine whether each borrower defense application states a basis for a borrower defense. In adjudicating each individual borrower defense application, the Department must consider not only the borrower’s application and accompanying evidence, but also any relevant information in records in the possession of the Department and in submissions from the school, as well as any other information obtained in connection with the fact-finding process.

The Borrower Defense Group (“BDG”) has completed a review of the evidence within the Department’s possession relating to Marinello School of Beauty (“Marinello”) as it relates to two issues: 1) Marinello’s background and history and 2) Marinello’s misrepresentations to borrowers about the nature and extent of its educational services from 2009 until its closure in 2016. Additional summaries regarding specific types of borrower claims are forthcoming and will be submitted for approval separately.

Marinello operated propriety post-secondary cosmetology schools in eight states, including Arizona, California, Connecticut, Kansas, Massachusetts, Nevada, Oregon, and Utah. Marinello was originally founded in 1903 and many of its campuses were purchased by B&H Education (“B&H”) in 2004. Marinello closed all its campuses in February 2016, after which B&H ceased operations and was liquidated. To date, the Department has received approximately 1,400 borrower defense applications relating to Marinello.

Applying a preponderance of the evidence standard, BDG has prepared a series of summaries of the evidence relating to Marinello. Together, these summaries form a common statement of facts that will be applied in the individual adjudication of borrower defense applications from Marinello borrowers that are adjudicated pursuant to 34 C.F.R. § 685.206(c), 685.206(d), and/or 685.206(e) based on the dates of the loans relating to the borrowers’ claims.

The attached fact summaries include the following conclusions:

### **Background and History of Marinello**

This section describes Marinello’s scope of operations, founding, management structure, and closure; relevant state regulations governing the educational services for beauty school, including Marinello; and investigations and program reviews conducted by the Department, as well as a class action lawsuit filed by former students against Marinello.

### **Marinello Misrepresented the Nature and Extent of its Educational Services from 2009 until its Closure in 2016**

This section explains that from January 1, 2009 through its closure in 2016, Marinello misrepresented the nature and extent of its educational services. The evidence in BDG’s possession relating to this conduct establishes by a preponderance of evidence that:

- Marinello Schools of Beauty misrepresented the nature and character of the programs of instruction that the school offered, by denying students the mix of theoretical instruction in the classroom and practical instruction on the clinic floor that it represented it provided, and that regulations required.
- Marinello Schools of Beauty misrepresented the nature and character of the programs of instruction that the school offered, by failing to provide instruction in all of the subject areas that it represented it provided, and that regulations required.
- Marinello Schools of Beauty misrepresented the nature and character of the programs of instruction that the school offered, by regularly failing to provide active instruction and supervision for significant periods – often weeks or months at a time – leaving students without instruction. Additionally, many of the states where Marinello operated had regulations explicitly requiring student have direct/immediate supervision.

BDG continues its work on the Marinello Statement of Common Facts and will update this summary memoranda when appropriate.