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FIRST CIRCUIT COURT
STATE OF HAWAII
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F. OTAKE
CLERK

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

STATE OF HAWAII, by its Office of
Consumer Protection,

Plaintiff,

vs.

STANTON UNIVERSITY, INC., a
Hawaii corporation, RICHARD GAO,
ELMER C. MAY and JACQUELINE
MAY,

Defendants.

CIVIL NO. 01-1-2577-08
(Other Civil Action)

COMPLAINT; EXHIBITS 1-3; AND
SUMMONS

COMPLAINT

Plaintiff, for a cause of action against the above-named defendants, avers
and alleges that:

ALLEGATIONS COMMON TO ALL COUNTS

1. This is an action brought by the Office of Consumer Protection of the
State of Hawaii pursuant to Hawaii Rev. Stat. Chapters 446E, 480 and 487 seeking to

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Consumer Protection,)	(Other Civil Action)
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Plaintiff,)	COMPLAINT; EXHIBITS 1-3; AND
)	SUMMONS
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vs.)	
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STANTON UNIVERSITY, INC., a)	
Hawaii corporation; RICHARD GAO;)	
ELMER C. MAY and JACQUELINE)	
MAY,)	
)	
Defendants.)	
)	

COMPLAINT

Plaintiff, for a cause of action against the above-named defendants,
avers and alleges that:

ALLEGATIONS COMMON TO ALL COUNTS

1. This is an action brought by the Office of Consumer Protection of the
State of Hawaii pursuant to Hawaii Rev. Stat. Chapters 446E, 480 and 487 seeking

to enjoin the defendants from engaging in certain acts or practices in violation of Hawaii's consumer protection laws and to obtain other and additional relief.

2. This court has subject matter jurisdiction over this case pursuant to Hawaii Rev. Stat. §§ 480-21 and 603-21.5.

3. Defendant Stanton University, Inc. ("Stanton") is a Hawaii corporation.

4. Upon information and belief, defendant Richard Gao is a resident of Vancouver, British Columbia, Canada or the State of Texas.

5. Upon information and belief, defendant Elmer C. May is a resident of the State of Texas.

6. Upon information and belief, defendant Jacqueline May is a resident of the State of Texas.

7. On January 24, 2000 Articles of Incorporation of Stanton University, Inc. were filed with the Department of Commerce and Consumer Affairs of the State of Hawaii.

8. Defendant Stanton's articles of incorporation identify its registered office as being located at 101 Kaahumahu Avenue [sic], Suite H, Kahului, Hawaii 96732. Defendant Stanton's articles of incorporation also identify its registered agent at that address as being defendant Jacqueline May.

9. Defendant Stanton's articles of incorporation identify the address of its initial office as 12-2414 Main Street, Vancouver, BC, Canada V5T3E3.

10. Defendant Stanton's articles of incorporation identify its specific purpose as "to offer academic and professional programs."

11. Defendant Stanton's articles of incorporation identify its president and treasurer as defendant Richard Gao.

12. Defendant Stanton's articles of incorporation identify its vice-president and secretary as defendant Jacqueline May.

13. Defendant Stanton's annual report for the year ending December 31, 2000 is delinquent.

14. Defendant Stanton maintains a website located at <http://www.stanton.edu>. That uniform resource locator address is registered to Stanton University, Inc. of 8550 United Plaza Boulevard, Baton Rouge, Louisiana 70809. Plaintiff's mail sent to that address was returned marked "insufficient address."

15. The administrative contact for the Stanton website is defendant Jacqueline May, whose address is listed as 701 Hwy 281, Suite E, PMB, Marble Falls, Texas 78654.

16. The Stanton website listed under its "Contact" section, the 101 Kaahamanu Avenue, Suite H, Kahului, Hawaii address.

17. The Stanton website identifies defendant Elmer C. May as its Chairman of the Board of Trustees and its president.

18. The address 101 Kaahamanu Avenue, Suite H in Kahului, Hawaii is the former location of Personal Touch Answering & Business Services that apparently

provided mail-forwarding, voice messaging and other services. The address is currently occupied by an unrelated company called Aquatic Design Group, Inc.

19. Defendant Stanton is not now and never has been accredited by a recognized accrediting agency or association recognized by the United States Secretary of Education.

20. Defendant Richard Gao is not now and never has been accredited by a recognized accrediting agency or association recognized by the United States Secretary of Education.

21. Defendant Jacqueline May is not now and never has been accredited by a recognized accrediting agency or association recognized by the United States Secretary of Education.

22. Defendant Stanton is an "unaccredited institution" as that phrase is defined in Hawaii Rev. Stat. § 446E-1.

23. Defendant Stanton has a "presence" in the State of Hawaii as that term is used in Hawaii Rev. Stat. §446E-1.

24. Having learned of Stanton's operations, plaintiff asked defendant Stanton and its principals, including defendants Richard Gao and Jacqueline May, to demonstrate that they were in compliance with Hawaii's laws regarding unaccredited degree granting institutions. A true and correct copy of plaintiff's request is attached as Exhibit 1.

25. Plaintiff received the response from defendant Richard Gao that is attached as Exhibit 2.

26. Following defendant Stanton's failure to voluntarily demonstrate that it was in compliance with Hawaii's laws regarding unaccredited degree granting institutions, plaintiff issued and served an administrative subpoena duces tecum requiring a designee of defendant Stanton to appear, to testify and to produce documents. A true and correct copy of the subpoena duces tecum is attached as Exhibit 3. Defendant Stanton failed and refused to comply with the subpoena duces tecum.

COUNT I
FAILURE TO PRODUCE RECORDS AND INFORMATION

27. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 26 as though fully set forth herein.

28. Defendant Stanton failed to provide records and information upon plaintiff's demand in violation of Hawaii Rev. Stat. §446E-2(b).

29. Violations of Hawaii Rev. Stat. § 446E-2(b) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

COUNT II
FAILURE TO CONTINUOUSLY MAINTAIN AN AGENT IN HAWAII

30. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 29 as though fully set forth herein.

31. Defendant Stanton has failed to continuously maintain an agent for service of process within the State of Hawaii as required by Hawaii Rev. Stat. § 446E-4(a).

COUNT III
FAILURE TO MAKE STATUTORY DISCLOSURES

32. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 31 as though fully set forth herein.

33. Defendant Stanton failed to properly and adequately disclose in all catalogs, promotional materials, including its website, and/or written contracts for instruction the fact that it is not fully accredited by any nationally recognized accrediting agency or association listed by the United States Secretary of Education in violation of Hawaii Rev. Stat. § 446E-2(a).

34. Each and every catalog, promotional material and/or written contract for instruction that failed to properly and adequately disclose the fact that defendant Stanton is and was not fully accredited by any nationally recognized accrediting agency or association listed by the United States Secretary of Education constitutes a separate and independent violation of Hawaii Rev. Stat. § 446E-2(a).

35. Violations of Hawaii Rev. Stat. § 446E-2(a) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

COUNT IV
FAILURE TO HAVE AN OFFICE LOCATED IN HAWAII

36. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 35 as though fully set forth herein.

37. Defendant Stanton has failed to have an office located in Hawaii in violation of Hawaii Rev. Stat. §446E-5(d).

38. Violations of Hawaii Rev. Stat. § 446E-5(d) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

COUNT V
FAILURE TO HAVE AN EMPLOYEE LOCATED IN HAWAII

39. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 38 as though fully set forth herein.

40. Defendant Stanton has failed to have an employee located in Hawaii in violation of Hawaii Rev. Stat. § 446E-5(d).

41. Violations of Hawaii Rev. Stat. § 446E-5(d) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

COUNT VI
FAILURE TO HAVE TWENTY-FIVE HAWAII STUDENTS ENROLLED

42. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 41 as though fully set forth herein.

43. Defendant Stanton has failed to have twenty-five enrolled students in Hawaii in violation of Hawaii Rev. Stat. § 446E-5(d).

44. Violations of Hawaii Rev. Stat. § 446E-5(d) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

COUNT VII
ILLEGAL ACCEPTANCE OF PAYMENTS

45. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 44 as though fully set forth herein.

46. Defendant Stanton has had a continual "presence" in the State of Hawaii as that phrase is used in Hawaii Rev. Stat. § 446E-1 and § 446E-5 since at least January 24, 2000.

47. Defendant Stanton has accepted or received tuition payments or other fees on behalf of students despite not being in compliance with all of the requirements of Hawaii Rev. Stat. Chap. 446E.

48. The acceptance of such payment(s) or fee(s) from each student constitutes a separate and independent violation of Hawaii Rev. Stat. §446E-5(e).

49. Violations of Hawaii Rev. Stat. § 446E-5(e) constitute *per se* violations of Hawaii Rev. Stat. § 480-2(a).

COUNT VIII
DEFENDANT RICHARD GAO'S INDIVIDUAL LIABILITY

50. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 49 as though fully set forth herein.

51. Defendant Richard Gao actively or passively participated in the illegal activity and/or formulated, directed, supervised, participated in, benefited from, facilitated, controlled, knew and approved of, and committed or caused the commission of the various acts and practices described herein.

COUNT IX
DEFENDANT ELMER C. MAY'S INDIVIDUAL LIABILITY

52. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 51 as though fully set forth herein.

53. Defendant Elmer C. May actively or passively participated in the illegal activity and/or formulated, directed, supervised, participated in, benefited from, facilitated, controlled, knew and approved of, and committed or caused the commission of the various acts and practices described herein.

COUNT X
DEFENDANT JACQUELINE MAY'S INDIVIDUAL LIABILITY

54. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 53 as though fully set forth herein.

55. Defendant Jacqueline May actively or passively participated in the illegal activity and/or formulated, directed, supervised, participated in, benefited from, facilitated, controlled, knew and approved of, and committed or caused the commission of the various acts and practices described herein.

COUNT XI
INJUNCTIVE RELIEF

56. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 55 as though fully set forth herein.

57. Unless defendants are restrained and enjoined by this court from continuing to violate Hawaii Rev. Stat. Chap. 446E and § 480-2(a) in the manner described herein, they will continue to do so, irreparably harming and injuring the consuming public of the State of Hawaii.

WHEREFORE, plaintiff prays that this court:

1. Find, order, adjudge and declare that defendants' conduct, as alleged herein, violates the statutory provisions set forth above.

2. Issue a temporary restraining order, preliminary injunction and permanent injunction enjoining Personal Touch Answering & Business Services, its agents, employees, successors and assigns, directly or indirectly, individually or in

concert with others, or through any corporate or other device from providing voice mail, mail forwarding, or any other service to the defendants.

3. Issue a temporary restraining order, preliminary injunction and permanent injunction directing the Business Registration Division of the Department of Commerce and Consumer Affairs of the State of Hawaii to dissolve, terminate, revoke and/or cancel all trade names, trademarks, corporate registrations (including that for Stanton University, Inc.), certificates of authority held by or for the defendants.

4. Issue a temporary restraining order, preliminary injunction and permanent injunction enjoining the defendants, their agents, employees, successors and assigns, directly or indirectly, individually or in concert with others, or through any corporate or other device from any of the following:

- a. Providing any post-secondary instructional programs or courses leading to a degree;
- b. Acting as or holding themselves out as a "college, academy, institute, institution, university" or anything similar thereto;
- c. Failing to comply with Hawaii Rev. Stat. Chap. 446E or § 480-2(a) in any particulars; and
- d. Owning or operating any business in the State of Hawaii,

claiming to operate under the laws of the State of Hawaii, or having a presence in Hawaii until all restitution, civil penalties and costs entered herein are fully satisfied.

5. Assess appropriate civil penalties against the defendants individually pursuant to Hawaii Rev. Stat. § 480-3.1 and enter judgment in favor of plaintiff accordingly.

6. Award any consumers injured by the aforementioned violations full restitution, including pre and post judgment interest, against the defendants, jointly and severally, pursuant to Hawaii Rev. Stat. § 487-14 and the court's inherent authority and enter judgment accordingly.

7. Assess and award judgment in favor of plaintiff and against the defendants, for attorneys' fees, costs, costs of investigation, interest, and other expenses.

8. Award plaintiff such other relief as the court may deem just and equitable under the circumstances.

DATED: Honolulu, Hawaii, August 31, 2001.

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Attorney for Plaintiff

- b. Acting as or holding themselves out as a "college, academy, institute, institution, university" or anything similar thereto;
- c. Failing to comply with Hawaii Rev. Stat. Chap. 446E or § 480-2(a) in any particulars; and
- d. Owning or operating any business in the State of Hawaii, claiming to operate under the laws of the State of Hawaii, or having a presence in Hawaii until all restitution, civil penalties and costs entered herein are fully satisfied.

5. Assess appropriate civil penalties against the defendants individually pursuant to Hawaii Rev. Stat. § 480-3.1 and enter judgment in favor of plaintiff accordingly.

6. Award any consumers injured by the aforementioned violations full restitution, including pre and post judgment interest, against the defendants, jointly and severally, pursuant to Hawaii Rev. Stat. § 487-14 and the court's inherent authority and enter judgment accordingly.

7. Assess and award judgment in favor of plaintiff and against the defendants, for attorneys' fees, costs, costs of investigation, interest, and other expenses.

8. Award plaintiff such other relief as the court may deem just and equitable under the circumstances.

DATED: Honolulu, Hawaii, August 31, 2001.



JEFFREY E. BRUNTON
Attorney for Plaintiff