

STATE OF LOUISIANA

DIV. 22 DOCKET NO. 619158

VS.

19<sup>th</sup> JUDICIAL DISTRICT COURT

POWERHOUSE GYM LOUISIANA, LLC., POWERHOUSE GYM, LLC, FITNESS CONCEPTS OF BATON ROUGE, LLC, CONNIE OLAH, RONNIE OLAH, and MATTHEW SCOTT BERNARD

EAST BATON ROUGE PARISH

STATE OF LOUISIANA

SEC. 22

PETITION FOR INJUNCTIVE RELIEF AND RESTITUTION

NOW INTO COURT, through the undersigned counsel, comes the State of Louisiana through the Honorable James D. "Buddy" Caldwell, Attorney General, who respectfully represents:

1.

This action is brought in the public interest to seek injunctive relief, restitution, and civil penalties against POWERHOUSE GYM LOUISIANA, LLC, POWERHOUSE GYM, LLC, FITNESS CONCEPTS OF BATON ROUGE, LLC, CONNIE OLAH, RONNIE OLAH, and MATTHEW SCOTT BERNARD from engaging in conduct, activities, or proposed actions in violation of the Louisiana Unfair Trade Practices Act, LSA-R.S. 51:1401 et seq. and of the Physical Fitness Services Act, LSA-R.S. 51:1575 et seq.

2.

FITNESS CONCEPTS OF BATON ROUGE, LLC, POWERHOUSE GYM, LLC, and POWERHOUSE GYM LOUISIANA, LLC, (hereinafter collectively referred to as "Powerhouse Gym") which shall include any subsidiary or alter ego thereof, are Louisiana Limited Liability Companies registered with the Louisiana Secretary of State which purport to operate a physical fitness facility under the business name of Powerhouse Gym.

3.

Powerhouse Gym is or has been located and doing business at 2084 S. Sherwood Forest Blvd. Baton Rouge, Louisiana, 70816.

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4.

**CONNIE OLAH** is a resident of the State of Louisiana who has attained the full age of majority. **RONNIE OLAH** is a resident of the State of Louisiana who has attained the full age of majority. **MATTHEW SCOTT BERNARD** is a resident of the State of Louisiana who has attained the full age of majority.

5.

Defendants are subject to the jurisdiction of this court pursuant to LSA R.S. 51:1418 (A).

6.

Venue is proper before this court pursuant to LSA R.S. 51:1407.

7.

Defendants, Ronnie Olah, Connie Olah, and M. Scott Bernard at all times material hereto controlled, directed, formulated, knew, participated in, had authority to control, and approved of the various deceptive acts and practices of Powerhouse Gym in the conduct of trade and commerce.

8.

Powerhouse Gym, under the direction and control of Ronnie Olah, Connie Olah, and M. Scott Bernard, has entered into contracts to provide physical fitness memberships in Baton Rouge, LA and has engaged in the operation of a physical fitness facility as defined in the Physical Fitness Services Act, LSA-R.S. 51:1575 *et seq.*

9.

During the course of Powerhouse Gym's business activities and at the direction, control, and participation of Ronnie Olah, Connie Olah, and M. Scott Bernard, Powerhouse Gym conducted its business practices in a manner that is in violation of the Louisiana Unfair Trade Practices Law and of the Physical Fitness Services Act.

10.

The Louisiana Department of Justice Attorney General's Office has received complaints concerning the practices of Powerhouse Gym, Ronnie Olah, Connie Olah, and M. Scott Bernard from numerous consumers, hereafter referred to collectively as victims. Copies of the complaints made to the Department of Justice are attached *in globo* as State's exhibit A.

11.

Prior to construction, Powerhouse Gym engaged in a widespread advertisement campaign through home mailings, street signs, and print ads in order to induce victims into entering into membership agreements. The victims signed contracts with Powerhouse Gym to obtain membership while awaiting the opening of the facility.

12.

The defendants entered into contracts for over one month's duration but they did not file a surety bond with the state treasurer, in violation of LSA-R.S. 51:1582(A)(1).

13.

The defendants did not secure a bond from the Office of Consumer Protection within the Department of Justice, in violation of LSA-R.S. 51:1582(A)(2)

14.

The defendants did not secure a certificate of deposit from a financial institution or an irrevocable letter of credit, in lieu of securing a bond, in violation of LSA-R.S. 51:1582(B).

15.

The center did not display a copy of the bond or certificate of deposit at every location where monies or contracts were received or on the premises, in violation of LSA-R.S. 51:1582(C)-(D).

16.

The defendants advertised, offered to sell, and sold membership services for the physical fitness center without having a valid bond or certificate of deposit on file with the state treasurer, in violation of LSA-R.S. 51:1582(E).

17.

The defendants refused to cancel customers' contracts at their request, when no bond or certificate of deposit was on file with the state, in violation of LSA-R.S. 51:1582(H).

18.

The defendants did not notify the Attorney General's Office of Consumer Protection within seven days of the first deposit, or notify the customers, with a written

name, address, and location of the depository of the trust account, in violation of LSA-R.S. 51:1582(K)(2)-(3).

19.

The defendants could not notify the Attorney General's office or customers of the trust account because they did not deposit all monies paid by customers prior to the opening of the center into a trust account, in violation of LSA-R.S. 51:1582(K)(1).

20.

The defendants abandoned their duties under the contracts, failed to finish construction of the physical fitness center, and delayed the opening of the center for more than one year, in violation of LSA-R.S. 51:1777(A)(6). The center has still failed to open as of today. Furthermore, construction on the center did not commence within 30 days of executing the first contract, in violation of this statute.

21.

The defendants did not provide the equipment and amenities promised by the contract, and the services that were to be provided were materially changed, in violation of LSA-R.S. 51:1777(A)(6). The facility that exists at the designated location is less than adequate as it fails to provide the equipment, space, and amenities promised by the advertisements and contracts. Pursuant to this provision, the defendants' refusal to cancel the contracts signed by customers was in violation of LSA-R.S. 51:1777(A)(6).

22.

The defendants charged the victims' credit cards for a monthly fee before opening the physical fitness center even though members had already paid a deposit for membership fees at the time of signing the contract. In addition, the defendants charged the victims' credit cards for a monthly fee after customer's requested to cancel their membership contracts, in violation of LSA-R.S. 51:1582(K)(6).

23.

The defendants did not allow customers the opportunity to cancel their contracts nor agree to refund the deposits made at the time the membership contracts were signed.

24.

The defendants misrepresented the services and amenities that would be provided by the physical fitness center, in violation of LSA-R.S. 51:411. Furthermore, the

defendants misrepresented the time period of construction as well as the opening date of the physical fitness center, in violation of this statute.

25.

In addition, the defendants deceived customers by advertising and offering to sell memberships to a physical fitness center in order to charge deposits, membership fees, and future monthly fees for a physical fitness center that failed to open, in violation of LSA-R.S. 51:411. The defendants have misappropriated funds to be used for membership fees, in violation of this statute.

26.

The defendants advertised a flat fee of \$54.50 to be paid at the time of signing a contract in order to lock in a membership fee rate and also advertised that no monthly fees would be charged until the opening of the center. The defendants also advertised an offer to customers for a ten day trial after the opening of said center before membership fees would be charged. However, the defendants charged the victims' credit cards with a membership fees for monthly rates, one year rates, two year rates, and three year rates, all in violation of LSA-R.S. 51:411.

27.

Petitioner further alleges that the individually named Defendants, Connie Olah, Ronnie Olah, and Matthew Scott Bernard used the corporate identity to engage in fraudulent, deceptive and unfair trade practices on third persons by:

1. intentionally, knowingly, and purposefully making material misrepresentations as to when work agreed upon would be completed to induce consumers to enter into a contract with Defendants;
2. intentionally, knowingly and purposely failing to apply money received to purchase equipment and labor for the construction of a physical fitness center for that purpose;
3. converting funds received for the purpose of the construction of a physical fitness center to Defendant's own use; and other instances of fraud and deceptive practices to be shown at a full trial on the merits.

28.

Petitioner is entitled to injunctive relief, civil penalties, and restitution for violation of the Louisiana Unfair Trade Practices Act under LSA-R.S. 51:1407, as well as any applicable enhancements under LSA-R.S. 51:1408.

**WHEREFORE, PETITIONER PRAYS** for an immediate temporary restraining order enjoining Defendants from depleting, transferring, withdrawing, encumbering or hypothecating any assets gained as a result of their activities related to the operation of Powerhouse Gym through any applicable business entities.

That a rule Nisi issue here directed to the Defendants ordering them to show cause not less than two (2) nor more than ten (10) days after service of this petition on Defendants, at the date, time and location set by this court, why a preliminary writ of injunction should not be issued herein, without bond, directed to the Defendants, POWERHOUSE GYM LOUISIANA, LLC, POWERHOUSE GYM, LLC, FITNESS CONCEPTS OF BATON ROUGE, LLC, CONNIE OLAH, RONNIE OLAH, and MATTHEW SCOTT BERNARD, including any employees, agents, contractors and those persons in active concert or participation with them, restraining, enjoining, and prohibiting Defendants from:

1. Advertising or contracting for any new businesses in the state of Louisiana by any name or through any corporation, partnership or business, in which any named defendant has an interest.
2. Depleting, transferring, withdrawing, encumbering or hypothecating any assets gained as a result of defendants' activities related to Powerhouse Gym.
  - A. This shall include any funds held in any bank account, deposit box, electronic account, or any other location.
  - B. This order is to include any depleting, transferring, withdrawing, encumbering or hypothecating regardless of the reason from any business entity doing business as Powerhouse Gym that would render the businesses insolvent.

**Plaintiff further prays** that, after hearing on the temporary restraining Order the Court set this matter for hearing on the Permanent Injunction.

**Plaintiff further prays** that, in due course, the court issue an order granting a final permanent injunction in the form and substance of the preliminary injunction.

**Plaintiff further prays** at the hearing for Permanent Injunction the court issue an order requiring Defendants to pay restitution to all consumers who have incurred a loss due to the conduct of the Defendants.

**Plaintiff further prays** that, in due course, the court issue an order requiring Defendants to reimburse the Office of the Attorney General for all costs and expenses incurred in the investigation and prosecution of this action.

**Plaintiff further prays** for all civil penalties as allowed under LSA-R.S. 41:1407.

**Plaintiff further prays** that, in due course, the court issue an order allowing the Plaintiff to present a portion of its case at a hearing through affidavits submitted to the court.

**Plaintiff further prays** that this court grant any further relief that this Court finds that justice may require or is otherwise equitable.

JAMES D. "BUDDY" CALDWELL  
LOUISIANA ATTORNEY GENERAL

By:



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Bar Roll # 29142  
Assistant Attorney General  
Public Protection Division  
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Baton Rouge, Louisiana 70802  
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PLEASE SERVE:

CONNIE OLAH or RONNIE OLAH  
Registered Agents of Powerhouse Gym Louisiana, LLC  
2084 S. Sherwood Forest Blvd.  
Baton Rouge, Louisiana 70816

CONNIE OLAH or RONNIE OLAH  
Individually  
16332 Caesar Avenue  
Baton Rouge, Louisiana 70816

M. SCOTT BERNARD  
Individually and as registered agent of Powerhouse Gym, LLC  
4520 S. Sherwood Forest Blvd #104-371  
Baton Rouge, Louisiana 70816



STATE OF LOUISIANA

DIV.

DOCKET NO.

VS.

19<sup>th</sup> JUDICIAL DISTRICT COURT

POWERHOUSE GYM LOUISIANA,  
LLC., POWERHOUSE GYM, LLC,  
FITNESS CONCEPTS OF  
BATON ROUGE, LLC,  
CONNIE OLAH, RONNIE  
OLAH, and MATTHEW SCOTT  
BERNARD

EAST BATON ROUGE PARISH

STATE OF LOUISIANA

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**MOTION TO COMPEL RESPONSES TO CIVIL INVESTIGATIVE DEMAND**

NOW INTO COURT, through undersigned counsel, comes Plaintiff for the State of Louisiana, *ex rel.*, JAMES D. "BUDDY" CALDWELL, who with respect represents:

1.

On January 11, 2013, a Civil Investigative Demand (hereinafter referred to as CID), was personally served on Defendant, Ronnie Olah, by Investigator James Seago of the Louisiana Department of Justice.

2.

The CID was issued pursuant to LSA-R.S. 51:1411(A).

3.

As of the date of the motion, the State has not received the requested information or Defendants objections.

4.

LSA-R.S. 51:1413 gives the attorney general the authority to file this motion for a rule to show cause why an order compelling compliance should not be issued.

5.

Mover desires and is entitled to have the information requested in the CID.

WHEREFORE, mover prays that this Court issue a rule to show cause, compelling Powerhouse Gym Louisiana, LLC, Connie Olah, and Ronnie Olah to appear and show cause at a date and time to be set by this Court why they should not be compelled to answer and respond to the CID propounded by State of Louisiana, *ex rel.*, JAMES D. "BUDDY" CALDWELL. Mover further prays for all legal and equitable relief.

Respectfully Submitted:

JAMES D. "BUDDY" CALDWELL  
Attorney General

By:



STACIE LAMBERT DEBLIEUX #29142

Assistant Attorney General

1885 N. 3<sup>rd</sup> Street, 4<sup>th</sup> Floor

Baton Rouge, Louisiana 70802

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Tel: (225) 326-6449

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**PLEASE SERVE:**

CONNIE OLAH or RONNIE OLAH  
Registered Agents of Powerhouse Gym Louisiana, LLC  
2084 S. Sherwood Forest Blvd.  
Baton Rouge, Louisiana 70816

CONNIE OLAH or RONNIE OLAH  
Individually  
16332 Caesar Avenue  
Baton Rouge, Louisiana 70816

STATE OF LOUISIANA,  
*ex rel.*, JAMES D. "BUDDY"  
CALDWELL, ATTORNEY  
GENERAL

19<sup>th</sup> JUDICIAL DISTRICT COURT

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POWERHOUSE GYM LOUISIANA,  
LLC, CONNIE OLAH, and  
RONNIE OLAH

EAST BATON ROUGE PARISH,  
LOUISIANA

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**ORDER**

Considering the Motion to Compel filed herein:

IT IS ORDERED that Defendants, POWERHOUSE GYM LOUISIANA, LLC,  
CONNIE OLAH, and RONNIE OLAH, show cause on \_\_\_\_\_ at  
\_\_\_\_\_ at the 19<sup>th</sup> Judicial District in Baton Rouge, Louisiana, why Defendants  
should not be compelled to answer, response or object to the Civil Investigative Demand  
propounded by State of Louisiana, *ex rel.*, JAMES D. "BUDDY" CALDWELL..

Signed in Civil District Court, Louisiana, this \_\_\_\_\_ day of

\_\_\_\_\_.

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DISTRICT JUDGE

STATE OF LOUISIANA,  
*ex rel.*, JAMES D. "BUDDY"  
CALDWELL, ATTORNEY  
GENERAL

19<sup>th</sup> JUDICIAL DISTRICT COURT

VS.

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EAST BATON ROUGE PARISH,  
LOUISIANA

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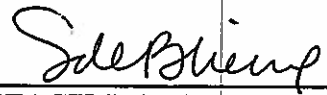
**REQUEST FOR WRITTEN NOTICE**

NOW INTO COURT, through undersigned counsel, comes the STATE OF LOUISIANA, *ex rel.*, JAMES D. "BUDDY" CALDWELL, ATTORNEY GENERAL, who respectfully requests written notice of any trial, motion, or other proceedings scheduled to come before this Honorable Court in the above entitled law suit at least ten (10) days prior thereto in accordance with Louisiana Code of Civil Procedure Article 1572.

As provided by Louisiana Code of Civil Procedure Articles 1913 and 1914, the State of Louisiana also requests notice of any interlocutory or final order, decree, or judgment rendered and/or signed in this suit.

Respectfully submitted:

JAMES D. "BUDDY" CALDWELL  
ATTORNEY GENERAL

  
STACIE L. DEBLIEUX #29142  
Assistant Attorney General  
Litigation Division  
Post Office Box 94005  
1885 North 3<sup>rd</sup> Street  
Baton Rouge, Louisiana 70804-9005  
225.326.6449  
225.326.6499 (Fax)

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the above and foregoing pleading has this day been mailed to all parties by United States Mail, postage prepaid and properly addressed or by delivery by hand.

Baton Rouge, Louisiana, this 13<sup>th</sup> day of February, 2013.



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STACIE LAMBERT DEBLIEUX