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**FORMER BEAUTY SCHOOL OWNERS PAY U.S. NEARLY \$5 MILLION TO SETTLE
CIVIL CLAIMS; JOSEPH CANNELLA SENTENCED TO PROBATION FOR
ATTEMPTING TO OBSTRUCT FEDERAL INVESTIGATION**

CHICAGO — A suburban couple who formerly owned a Chicago cosmetology and beauty school with multiple city and suburban locations has paid the United States just under \$5 million to settle civil claims relating to students who received federal financial aid. The couple also sold their business and agreed to a lifetime ban on involvement in vocational education and debarment from federal programs. At the same time, **Joseph Cannella**, who pleaded guilty to attempting to obstruct a federal investigation, was sentenced to two years of probation, federal law enforcement officials announced today.

Joseph and Domenica Cannella, of Elk Grove Village, who owned the Cannella School of Hair Design until late 2009, agreed to pay the United States \$4,964,676 without litigation to settle claims by the U.S. Department of Education regarding allegedly fraudulent tests and grading for students who received federal financial assistance. The Cannella School, which was headquartered on South Archer Avenue, operated schools in Chicago, Elgin, Blue Island and Villa Park.

After being charged in April 2010, Joseph Cannella, 71, pleaded guilty last June to attempting to obstruct justice by tampering with a witness in a federal investigation. At sentencing on Jan. 10, 2011, in addition to two years of probation, he was ordered to serve six months of home confinement and pay a \$30,000 fine by U.S. District Judge Suzanne Conlon in Federal Court in Chicago. The judge noted Cannella's extraordinary medical problems in imposing the sentence.

According to court documents, in 2007, Cannella conveyed a message to an individual that, if questioned by federal agents, the individual should lie about having attended and graduated from the Cannella School and deny that the individual had paid \$5,000 to purchase a bogus school transcript and graduation certificate. Cannella knew at the time that agents of the U.S. Department of Education Office of Inspector General were conducting an investigation into whether Cannella School students had actually attended classes and graduated before taking the state cosmetology licensing exam. Agents had obtained student attendance and graduation records, including those of the individual who paid \$5,000 for a bogus transcript and certificate.

The Cannella School was licensed as an accredited cosmetology school by the Illinois Department of Professional Regulation. To become a licensed cosmetologist, students must graduate from an accredited school after completing 1,500 hours of cosmetology classes and pass a test administered by the IDPR.

The settlement and sentence were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Thomas Utz, Special Agent-in-Charge of the Education Department's Office of Inspector General in Chicago. The government was represented by Assistant United States Attorneys William Hogan and Kathryn Kelly.

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