

IN THE COURT OF COMMON PLEAS
MAHONING COUNTY, OHIO

STATE OF OHIO, ex rel.)	
MARC DANN)	CASE NO.
Attorney General of Ohio)	
30 East Broad Street – 14 th Floor)	JUDGE
Columbus, Ohio 43215-3428)	
)	
Plaintiff,)	<u>COMPLAINT</u>
)	<u>AND REQUEST FOR INJUNCTIVE</u>
v.)	<u>AND DECLARATORY RELIEF,</u>
)	<u>CONSUMER RESTITUTION, AND</u>
United Foreclosure Managers, LLC)	<u>CIVIL PENALTIES</u>
4300 Belmont Avenue, Ste. 3)	
Youngstown, OH 44505)	
)	
and)	
)	
Fred Regna)	
172 N. Mecca Street)	
Cortland, OH 44410)	
)	
and)	
)	
Russ Cameron)	
172 N. Mecca Street)	
Cortland, OH 44410)	
Defendants.)	

JURISDICTION

1. Plaintiff, State of Ohio, by and through the Attorney General of Ohio, Marc Dann, having reasonable cause to believe that violations of Ohio’s consumer laws have occurred, brings this action in the public interest and on behalf of the State of Ohio under the authority vested in him by Ohio Revised Code (R.C.) 4719.12, and by R.C. 1345.07.
2. The actions of Defendants, hereinafter described, have occurred in Mahoning County and other counties in the State of Ohio, and as set forth below, are in violation of the Ohio Telephone Solicitation Sales Act, R.C. 4719.01 et seq., the Debt Adjuster Act, R.C. 4710.01

et seq., and the Consumer Sales Practices Act, R.C. 1345.01 et seq. and Substantive Rules, OAC 109:4-3-01 et seq.

3. Defendants are “telephone solicitors” as defined in R.C. 4719.01(A)(8) since Defendants are and/or at all times relevant hereto were engaged in telephone solicitation, within the meaning specified in R.C. 4719.01(A)(7), in the State of Ohio.
4. Defendants engage in “debt adjusting” as defined in R.C. 4710.01(B) in that Defendants hold themselves out as providing services in the management of debts by effecting the adjustment, compromise, or discharge of any account, note or other indebtedness of the debtor.
5. Defendants are “suppliers” as defined in R.C. 1345.01(C) since Defendants are and/or at all times relevant hereto were engaged in the business of effecting consumer transactions either directly or indirectly by soliciting and/or selling goods or services to consumers in the State of Ohio for purposes that were primarily for personal, family or household use, within the meaning specified in R.C. 1345.01(A).

NATURE OF DEFENDANTS’ BUSINESS

6. Defendant, United Foreclosure Managers, LLC is a limited liability company for profit with its primary place of business located at 4300 Belmont Avenue, Suite 3, Youngstown, Ohio 44505, organized and incorporated under the laws of the State of Ohio, and registered as a corporation with the Ohio Secretary of State, Charter No. 1468153.
7. Defendant, Fred Regna, is one of the principal owners and operators of United Foreclosure Managers, LLC wherein he possesses and/or at all times relevant herein possessed and exercised the authority to establish, implement or alter policies and practices and committed, allowed, directed, ratified or otherwise caused the unlawful acts and practices alleged below to occur.
8. Defendant, Russ Cameron, is one of the principal owners and operators of United Foreclosure Managers, LLC wherein he possesses and/or at all times relevant herein

possessed and exercised the authority to establish, implement or alter policies and practices and committed, allowed, directed, ratified or otherwise caused the unlawful acts and practices alleged below to occur.

9. Defendants execute contracts to obtain and provide financing, loan modifications, forbearance agreements, and related services to consumers, within the State of Ohio, for the purpose of saving the consumer's home from foreclosure.

STATEMENT OF FACTS

10. Defendants use direct mail solicitations to solicit the purchase of its foreclosure assistance services to consumers facing foreclosure. (Attached hereto as Exhibit A and incorporated by reference). These direct mail solicitations invite the consumer to contact their office by telephone for immediate assistance. During the course of this telephone contact, Defendants make and/or attempt to make a sale of their services.
11. Defendants are not registered with the Ohio Attorney General as telephone solicitors.
12. Defendants make, or at all times relevant hereto made, false or misleading statements concerning material terms of the transaction to consumers through their solicitations, including the ability of Defendants to stop foreclosure actions and assist in obtaining a repayment plan from the consumers' lenders more favorable than the consumers could obtain on their own, for the purpose of inducing the consumers to pay for services.
13. Consumers have paid between \$425 and \$950 to Defendants for Defendants' promised services. Defendants verbally promise consumers a refund if Defendants can not help them, but fail to clearly and conspicuously disclose all material terms and conditions of the Defendants' refund and cancellation policies during the sales solicitation.

14. Defendants made verbal agreements with consumers as a result of telephone solicitations, to provide services, and accepted payment without obtaining the original signed copy of a confirmation from the consumers which complies with R.C. 4719.07(F) and (G).
15. Defendants promised debt adjusting services related to consumers' mortgage delinquency, such as negotiating with consumers' lenders for forbearances, workout agreements, or loan modifications. Consumers also sign an Authorization Form authorizing their mortgage company to discuss and release consumer information for payment assistance to Defendants and authorizing Defendants to act as the consumers' designated agent in resolving their mortgage delinquency. Pursuant to the Work Agreement signed by consumers, the consumers agree not to contact their lenders directly, to forward all communication to Defendants, to notify their lenders that they have sought the advice of a foreclosure counselor, and further agree not to reach any settlement with their lenders without first involving Defendants.
16. Although Defendants hold themselves out as offering to effect the adjustment, compromise, or discharge of any account, note or indebtedness of consumers, Defendants failed to comply with regulations set forth under R.C. 4710.02 et seq., including exceeding consultation contribution limits, failing to maintain separate trust accounts, failing to arrange for annual audits, and failing to maintain proper insurance coverage.
17. Defendants accepted money from consumers, for services ordered by telephone and have allowed more than eight weeks to elapse without making delivery of the ordered services. At least five Ohio consumers have filed complaints alleging, among other things, that Defendants made no attempts to contact consumers' lenders or had no meaningful communication with the lenders; Defendants offered a "solution" which was simply to file for Chapter 13 bankruptcy, services which the consumer must pay for in addition to the fees already paid to Defendants.
18. Defendants failed to make full refunds of the moneys paid for undelivered service, despite requests from consumers to either deliver the services or make full restitution. All of the

consumers that have filed complaints against Defendants allege that after paying for Defendants' services, their telephone calls to Defendant went unanswered, or they were unable to obtain any information regarding the status of their cases.

19. Defendants accepted money from consumers for the purpose of stopping the foreclosure of their homes knowing that there was a substantial likelihood that it would not provide services promised to the consumers, and making misleading statements of opinion on which consumers relied to their detriment. During the initial telephone sales solicitation, Defendants made derogatory remarks regarding the consumer's lender, other third parties with whom the consumer may be consulting, encouraged consumers to reject offers made by the lenders to bring accounts current, and discouraged consumers from seeking outside legal counsel. After consumers paid for Defendants' services, Defendants would tell consumers that they were involved in ongoing discussions with lenders to reach a resolution, when in fact no such communication had taken place. At least one consumer alleges that Defendants misrepresented that her home was in foreclosure when in fact she was not. At least one consumer paid \$475 to Defendants and the only service provided by Defendants was to pay \$55 to an affiliated attorney who filed a limited Answer to the Foreclosure Action.

PLAINTIFF'S FIRST CAUSE OF ACTION:
VIOLATIONS OF THE TELEPHONE SOLICITATION SALES ACT

COUNT ONE
FAILURE TO REGISTER UNDER THE TSSA

20. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs one through nineteen (1-19) of this Complaint.
21. Defendants have engaged in telephone solicitations while failing to obtain a certificate of registration as a telephone solicitor from the Ohio Attorney General in violation of R.C. 4719.02(A) of the Telephone Solicitation Sales Act and R.C. 1345.02(A) of the Consumer Sales Practices Act.

COUNT TWO
MAKING FALSE OR MISLEADING STATEMENT

22. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs one through nineteen (1-19) of this Complaint.
23. Defendants made false or misleading statements to induce consumers to pay for goods or services in violation of R.C. 4719.08(G) of the Telephone Solicitation Sales Act and R.C. 1345.02(A) of the Consumer Sales Practices Act, including promises to help people resolve their mortgage delinquencies and save their homes.

COUNT THREE
FAILURE TO OBTAIN WRITTEN CONFIRMATION

24. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs one through nineteen (1-19) of this Complaint.
25. Defendants failed to obtain the original, signed copy of the confirmation of their sales from consumers in violation of R.C. 4719.07 of the Telephone Solicitation Sales Act and R.C. 1345.02(A) of the Consumer Sales Practices Act.

PLAINTIFF'S SECOND CAUSE OF ACTION:
VIOLATIONS OF THE CONSUMER SALES PRACTICES ACT

COUNT ONE
FAILURE TO DELIVER

26. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs one through nineteen (1-19) of this Complaint.
27. Defendants committed unfair and deceptive acts or practices in violation of R.C. 1345.02(A) and Ohio Adm. Code 109:4-3-09, by accepting money from consumers for goods and services and failing to make full delivery or a refund.

COUNT TWO
UNCONSCIONABLE ACTS OR PRACTICES
NO SUBSTANTIAL BENEFIT/CONSUMER DETRIMENT

28. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs one through nineteen (1-19) of this Complaint.
29. Defendants committed unconscionable acts or practices in connection with consumer transactions in violation of R.C. 1345.03(A), as illustrated by R.C. 1345.03(B)(3) and 1345.03(B)(6), by knowing at the time that consumer transactions were entered into of the consumer's inability to receive a substantial benefit from the subject of the transaction and by making misleading statements of opinions upon which consumers relied to their detriment.
30. Such acts and practices have been previously determined by Ohio courts to violate the Consumer Sales Practices Act, R.C. 1345.01 et seq. Defendants committed said violation after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

PLAINTIFF'S THIRD CAUSE OF ACTION:
VIOLATION OF THE DEBT ADJUSTER'S ACT

31. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs one through nineteen (1-19) of this Complaint.
32. Defendants committed unfair and deceptive acts and practices by engaging in debt adjusting activities, including holding out that they can effect the adjustment, compromise, or discharge of any account, note, or other indebtedness of consumers who sign up for their services, without complying with the regulations set forth under the Debt Adjuster Act, R.C. 4710.01 et seq., in violation of R.C. 4710.02(F) and R.C. 1345.02(A) of the Consumer Sales Practices Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court grant the following relief:

- A. DECLARE that each act or practice complained of herein violates the Ohio Consumer Sales Practices Act, the Debt Adjuster Act, and the Ohio Telephone Solicitation Sales Act in the manner set forth in the complaint.
- B. ISSUE a permanent injunction enjoining Defendants, Fred Regna, Russ Cameron, and United Foreclosure Managers, LLC, doing business under this or any other names, their agents, partners, servants, representatives, salespersons, employees, successors and assigns and all persons acting in concert and participation with them, directly or indirectly, through any corporate device, partnership or association in connection with any consumer transaction from committing any unfair, deceptive or unconscionable act or practice which violates R.C. 1345.02 and R.C. 1345.03, including but not limited to violations of the specific statutes and rules alleged to have been violated herein.
- C. ORDER Defendants to pay damages to all consumers injured by the conduct of the Defendants as set forth in the complaint.
- D. ASSESS, FINE and IMPOSE upon Defendants a civil penalty of Twenty-Five Thousand Dollars (\$25,000.00) for each separate and appropriate violation described herein pursuant to R.C. 1345.07(D).
- E. ISSUE an Injunction prohibiting the Defendants from engaging in business as a supplier in any consumer transaction in the State of Ohio until such time as they have satisfied all monetary obligations due hereunder.
- F. HOLD each Defendant jointly and severally liable for all monetary amounts awarded herein.
- G. GRANT Plaintiff his costs in bringing this action.
- H. GRANT such other relief as the court deems to be just, equitable and appropriate.

Respectfully submitted,

MARC DANN
Attorney General

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