



**GERALD E. FUERST**  
**CUYAHOGA COUNTY CLERK OF COURTS**

1200 Ontario Street  
 Cleveland, Ohio 44113

**R E C E I P T**

For: COURT OF COMMON PLEAS - CIV

**Receipt Number: 095000200012**

Case Nbr: CV09710802

Receipt Date: 11/23/2009

Date Filed: 11/23/2009

STATE OF OHIO

TORT-CONSUMER RELIEF 100.00

-vs-

vs: NANCY

DEBT ADVOCACY CENTER

Judge: STEVEN J TERRY

Total Due 100.00

Received From:  
 MARK N WISEMAN  
 P.O. BOX 318037  
 INDEPENDENCE, OH 44131-0000

Cash Amount 0.00

Change

Total Paid 0.00

DEPUTY CLERK

CLMTM

100.00

TORT-CONSUMER RELIEF

100.00

vs: NANCY

FUERST

CLERK OF

FUERST

CLERK OF

vs: NANCY



4. DAC is a "supplier" as defined in R.C. 1345.01(C) since DAC was at all times relevant hereto engaged in the business of effecting consumer transactions either directly or indirectly by soliciting and selling goods or services to consumers in the State of Ohio and throughout the United States for purposes that were primarily for personal, family or household use, within the meaning specified in R.C. 1345.01(A).
5. DAC engages in "debt adjusting" as defined in R.C. 4710.01(B) in that DAC holds itself 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.
6. Jurisdiction over the subject matter of this action lies with this Court pursuant to R.C. 1345.04 of the Ohio Consumer Sales Practices Act.
7. This Court is the proper venue to hear this case pursuant to Ohio Civ. R. 3(B)(1)-(3), in that some of the transactions complained of herein, and out of which this action arose, occurred in Cuyahoga County, Ohio.

#### **NATURE OF DAC'S BUSINESS**

8. DAC is, and was at all times relevant hereto, engaged in the business of advertising, soliciting, offering for sale and/or selling its loan modification and loss mitigation services to Ohio consumers.
9. DAC executes contracts with consumers to "negotiate or modify their loans" in a purported effort to make payments more manageable for consumers and prevent consumers' homes from being lost in foreclosure.

#### **STATEMENT OF FACTS**

10. DAC advertises its loan modification and loss mitigation services to consumers through its Internet web site and invites consumers to call for assistance.

11. When consumers speak with DAC on the telephone, DAC makes misleading and/or false statements concerning material terms of the transaction to consumers including, but not limited to: the ability of DAC to assist in obtaining loan modifications from the consumers' lenders that are more favorable than the consumers could obtain on their own; the implication that DAC has attorneys on staff who present the consumers with an increased level of efficiency; and the promise that DAC's services are accompanied by a 100% money-back guarantee.
12. DAC's misleading and/or false statements induce Ohio consumers to purchase the Defendant's loan modification and loss mitigation services.
13. After the initial telephone contact, DAC transmits to the consumer via facsimile or electronic mail an Electronic Payment Authorization, a Contract, and a 100 % Money-Back Guarantee (Authorization, Contract and Money-Back Guarantee attached as Exhibit A).
14. The Electronic Payment Authorization, Contract and Money-Back Guarantee contain provisions that are misleading and contradictory and that require the consumer to hold DAC harmless, agree to liquidated damages for breach, agree to an excessive NSF fee, waive statutory rights and pay attorney's fees.
15. DAC instructs consumers to return the completed documents along with the consumer's credit card number or bank routing information to process the initial payment.
16. In exchange for DAC's services, DAC charges and consumers agree to make an initial payment between \$500 and \$3800 for its loan modification and loss mitigation services.
17. DAC further instructs many of the consumers to refrain from making their regularly scheduled mortgage payments and/or from contacting their own lender/servicer, during the time that the contract between the consumers and DAC is pending.

18. DAC holds itself out as offering to effect the adjustment, compromise, or discharge of any account, note or other indebtedness of consumers who sign up for its loan modification and loss mitigation services.
19. DAC accepted monies from consumers for its services and represented that it would contact the consumers' lenders for the purpose of obtaining a modification of the consumers' residential mortgage loans.
20. Upon information and belief, DAC merely contacted the consumers' lenders to announce its existence, without participating in any meaningful discussions or attempting to obtain loan modifications on behalf of consumers.
21. Although DAC holds itself out as offering to effect the adjustment, compromise, or discharge of any account, note or indebtedness of the consumer-debtor, DAC failed to comply with regulations set forth under R.C. 4710.02 et seq., including exceeding consultation contribution limits.
22. DAC accepted money from consumers, for services promised and have failed to deliver the promised services, including without limitation the promised loan modifications, and have failed to provide refunds despite requests from consumers to either deliver the services or make full refund.
23. During the transactions described herein, DAC required the consumers to enter into transactions where the consumers were not going to receive any substantial benefit.
24. DAC required the consumers to enter into transactions on terms where the transactions were substantially one-sided in favor of the supplier.
25. DAC's oral representations during the telephone contract contradict the terms of its contract.

**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 Twenty-five (1-25) of this Complaint.
27. DAC 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 provide either the promised services or a full refund.

**COUNT TWO**

**UNFAIR AND DECEPTIVE ACTS OR PRACTICES**

28. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs One through Twenty-five (1-25) of this Complaint.
29. Defendant committed unfair and deceptive acts or practices in connection with consumer transactions in violation of the CSPA, R.C. 1345.02(A) by making false and misleading statements.
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. Defendant committed said violation after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

**COUNT THREE**

**UNCONSCIONABLE ACTS OR PRACTICES IN CONNECTION WITH CONSUMER TRANSACTIONS**

31. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs One through Twenty-five (1-25) of this Complaint.
32. Defendant committed unconscionable acts or practices in connection with consumer transactions in violation of R.C. 1345.03 and 1345.031(A) due to the inability of consumers

to receive a substantial benefit from the subject of the consumer transactions; by entering into consumer transactions on terms the supplier knew were substantially one-sided in favor of the supplier; and by making misleading statements of opinions upon which consumers relied to their detriment.

33. Such acts and practices have been previously determined by Ohio courts to violate the Consumer Sales Practices Act, R.C. 1345.01 et seq. DAC committed said violation after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

#### **COUNT FOUR**

#### **UNFAIR, DECEPTIVE AND UNCONSCIONABLE ACTS OR PRACTICES IN CONNECTION WITH CONSUMER TRANSACTIONS**

34. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs One through Twenty-five (1-25) of this Complaint
35. DAC has committed unfair, deceptive and unconscionable acts or practices in connection with consumer transactions in violation of R.C. 1345.02, R.C. 1345.03 and 1345.031(A) by entering into agreements with consumers that contain unfair and unconscionable terms and terms including but not limited to: provisions that are misleading and contradictory, provisions that require the consumer to hold DAC harmless, agree to liquidated damages for breach, agree to an excessive NSF fee, waive statutory rights and pay attorney's fees.
36. Such acts and practices have been previously determined by Ohio courts to violate the Consumer Sales Practices Act, R.C. 1345.01 et seq. DACs committed said violations after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

**COUNT FIVE**  
**UNFAIR, DECEPTIVE & UNCONSCIONABLE ACTS OR PRACTICES IN**  
**CONNECTION WITH CONSUMER TRANSACTIONS**

37. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs One through Twenty-five (1-25) of this Complaint.
38. DAC committed unfair, deceptive and unconscionable acts or practices in connection with consumer transactions in violation of R.C. 1345.02, R.C. 1345.031(A), 1345.031(B)(6) by: recommending or encouraging a consumer to default on a mortgage or any consumer transaction or revolving credit loan agreement.

**VIOLATION OF THE DEBT ADJUSTER'S ACT**

**COUNT SIX**

39. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in Paragraphs one through Twenty-five (1-25) of this Complaint.
40. DAC committed unfair and deceptive acts and practices in violation of R.C. 1345.02 by operation of R.C. 4710.04 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 R.C. 4710.02(A) and (B) in that the DAC charged debtors fees in excess of those permitted by Ohio's Debt Adjuster Act..

**PRAYER FOR RELIEF**

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

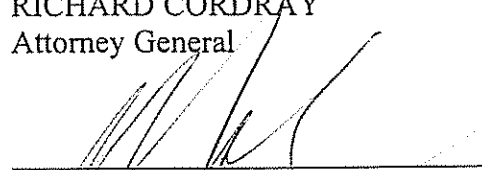
- A. DECLARE that each act or practice complained of herein violates, the Ohio Consumer Sales Practices Act, and the Debt Adjuster Act in the manner set forth in the complaint.

- B. ISSUE a permanent injunction enjoining Defendant Debt Advocacy Center, doing business under the name Debt Advocacy Center, or any other names, its agents, partners, servants, representatives, salespersons, employees, successors and assigns and all persons acting in concert and participation with it, 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 Ohio's Consumer Sales Practices Act, R.C. 1345.01 et seq., and Ohio's Debt Adjuster Act, R.C. 4710.01 et seq., including, but not limited to, violations of the specific statutes and rules alleged to have been violated herein.
- C. ORDER Defendant Debt Advocacy Center to pay actual damages and non-economic damages to all consumers injured by the conduct of the DAC as set forth in the Complaint.
- D. ASSESS, FINE and IMPOSE upon Defendant Debt Advocacy Center 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. ASSESS and IMPOSE upon Defendant Debt Advocacy Center a punitive damages award in an amount to be determined by the Court.
- F. ISSUE an Injunction prohibiting Defendant Debt Advocacy Center from engaging in business as a supplier in any consumer transaction in Ohio until such time as they have satisfied all monetary obligations due hereunder.
- G. HOLD Defendant Debt Advocacy Center liable for all monetary amounts awarded herein.
- H. GRANT Plaintiff his costs in bringing this action.

- I. ORDER Defendant Debt Advocacy Center to pay all court costs associated with this matter.
- J. GRANT such other relief as the Court deems to be just, equitable and appropriate.

Respectfully submitted,

RICHARD CORDRAY  
Attorney General



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Mark Wiseman (0059637)  
Principal Assistant Attorney General  
Consumer Protection Section  
615 West Superior Ave, 11<sup>th</sup> Floor  
Cleveland, OH 44113  
216.787.3291  
216.787.3480 (fax)  
mark.wiseman@ohioattorneygeneral.gov  
Counsel for Plaintiff

THE DEBT ADVOCACY CENTER, LLC  
ELECTRONIC PAYMENT AUTHORIZATION

Current Date 2/2/09

Rockefeller Building 614 W.  
Superior Ave, Ste 815  
Cleveland OH 44113-1349 T  
866-619-4797 F 216-937-0240

Contract A (Educational and Underwriting program)

I, Samuel M agree to pay and hereby authorize D.A.C. (The Debt Advocacy Center, LLC) to charge my credit card the amount of \$ 1,400 for their educational and underwriting program.

This agreement shall be paid immediately and is not cancellable for any reason.

I agree that I will not dispute or charge back the transactions with my credit card company.

Contract b (Negotiation Contract)

I, Samuel M agree to pay and hereby authorize D.A.C. (The Debt Advocacy Center, LLC) to charge my credit card the amount of \$ 1,400 for their negotiation program. This payment shall be due and owing upon completion of contract B as per the terms thereof.

I agree that I will not dispute or charge back the transactions with my credit card company.

The Penalty Payment

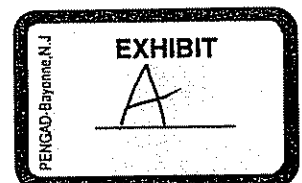
The penalty payment under the negotiation contract shall be \$ 1,600 as provided in the contract between customer and company

Name Samuel M  
Address \_\_\_\_\_ Home \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Cell \_\_\_\_\_  
First Draft Date: Feb 27, 2009 Dollar Amount 1,400  
Second Draft Date: \_\_\_\_\_ Dollar Amount \_\_\_\_\_  
Third Draft Date: \_\_\_\_\_ Dollar Amount \_\_\_\_\_  
Routing Number \_\_\_\_\_ Check Number \_\_\_\_\_  
Account Number \_\_\_\_\_  
Name of Bank \_\_\_\_\_  
Bank Phone Number \_\_\_\_\_ +1 (999) 999-9999

NSF charge: Clients will be charged \$200 fee for insufficient funds if we are charged back on payments.

Agents Name Megan W Supervisors Name Ian R Client ID # 10228

Sam M  
e-Signed 2009-02-02 05:50PM EST  
uel0409@aol.com



THE DEBT ADVOCACY CENTER, LLC

Rockefeller Building  
614 W. Superior Ave, Ste 815  
Cleveland OH 44113-1349  
T: 866-619-4797  
F: 216-937-0240

[www.thedebtadvocacycenter.com](http://www.thedebtadvocacycenter.com)

**NOTICE REQUIRED BY LAW:**

THE DEBT ADVOCACY CENTER OR ANY PERSON OR ENTITY WORKING FOR IT CANNOT:

1. TAKE ANY MONEY FROM YOU OR ASK YOU FOR MONEY UNTIL THE DEBT ADVOCACY CENTER, LLC ("DAC"/"COMPANY") HAS COMPLETELY FINISHED DOING EVERYTHING HE OR SHE SAID THAT HE OR SHE WOULD DO AS DEFINED IN THE SCOPE OF WORK BELOW; AND;
2. ASK YOU TO SIGN OR HAVE YOU SIGN ANY LIEN, DEED OF TRUST OR DEED.
3. **IMPORTANT: IT IS RECOMMENDED THAT YOU CONTACT YOUR LENDER OR MORTGAGE SERVICER BEFORE SIGNING THIS AGREEMENT. YOUR LENDER OR MORTGAGE SERVICER MAY BE WILLING TO NEGOTIATE A PAYMENT PLAN OR A RESTRUCTURING WITH YOU FREE OF CHARGE. YOU MAY ALSO CONSIDER CONTACTING A NOT FOR PROFIT AGENCY WHICH MAY ALSO ASSIST YOU FREE OF CHARGE.**
4. **WITHIN THE STATE OF COLORADO, THIS CONTRACT MUST BE NOTARIZED BY A NOTARY LOCATED WITHIN THE STATE.**

CONTRACT B

PARTIES:

\_\_\_\_\_  
Undersigned

\_\_\_\_\_  
THE DEBT ADVOCACY CENTER, LLC

4001ContractB-FHA.FIN0904

1

Sam M  
e-Signed 2009-02-02 05:50PM EST  
uel0409@aol.com

**RECITALS:**

WHEREAS, the undersigned ("Customer") has experienced a default or late payment in Customer's mortgage and desires to retain an Advocate to negotiate and mediate a settlement with the lender; and

WHEREAS, The Debt Advocacy Center, LLC ("Company") provides the services desired by Customer;

THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged;

**IT IS AGREED AS FOLLOWS:**

1. **STATEMENT OF WORK:** The following is a statement of the work to be conducted for the Customer. Company agrees that it shall negotiate with the Lender, Servicer or holder of the mortgage note, that holds the referenced mortgage (hereinafter called "Lender"), utilizing its best efforts to provide an acceptable resolution of the issues between Customer and said Lender. Such agreement, if any, may be a modification of the terms of the mortgage agreement or in the payment schedule of the loan. It could, alternatively, include a negotiated settlement wherein the Customer is not responsible for a deficiency judgment against the Customer. It may, further, be a refinancing of the loan under the FHA Hope for Homeowners Act. It is also possible that Company may be unable to obtain a satisfactory result from such negotiations. The work shall be completed upon the tendering to the Customer of:

- a. If retained to obtain a deed in lieu or short sale, when either the Lender has agreed to the Deed in Lieu or Short Sale.
- b. If retained to obtain a modification, at such time as the lender has agreed to a modification that the Customer finds acceptable.
- c. If retained to obtain an FHA refinancing, when the lender has agreed to the loan.

2. It is acknowledged by Customer that, despite the best efforts of Company, a successful settlement may not occur and payment will not be owed to the Company.

3. It is further acknowledged that the services provided by Company ARE NOT ACTING AS ATTORNEY FOR CUSTOMER and that the negotiation, counseling and mediation services are not the practice of law by the Company. The Company shall negotiate based on the comparative costs of a possibly contested foreclosure proceeding versus a modification, deed in lieu or short sale, depending on what has been contracted for herein.

4. THE CUSTOMER ACKNOWLEDGES THAT, AT NO TIME DID THE COMPANY RECOMMEND TO THE CUSTOMER THAT IT NOT MAKE PAYMENTS ON ANY DEBT. FURTHER, THE CUSTOMER ACKNOWLEDGES THAT THERE HAS BEEN NO PROMISE OF AN ACCEPTABLE MODIFICATION OF THE MORTGAGE OR ANY OTHER PROMISE OF PERFORMANCE OTHER THAN WHAT IS CONTAINED IN

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THIS CONTRACT. THIS AGREEMENT IS ONLY THAT THE COMPANY WILL EXERCISE ITS BEST EFFORTS TO ACHIEVE SUCH A MODIFICATION, DEED IN LIEU OR SHORT SALE.

5. Customer agrees to provide Company with all documentation and information requested by Company in a prompt manner. Customer represents that all information it furnishes the Company is true and accurate. Customer also represents that the date of this agreement is no later than: 30 days after it has been served with a foreclosure complaint or notice of sale and that it is not later than 30 days before a Sheriff's sale. The Customer further acknowledges that the Customer has not filed for bankruptcy or entered into any other agreement regarding the mortgage with the holder of the mortgage or its servicer.

6. Customer agrees that Customer shall not interfere with the handling of the negotiation with the Servicer or Holder of the mortgage loan and that it may not agree to a settlement or modification with the Servicer or Holder once the Company has made contact with it. If such settlement or modification is made, Company shall be entitled to any success fee it would have been otherwise owed hereunder.

7. Customer shall provide Company with an Authorization form to negotiate on Customer's behalf and to do such reasonable actions as requested by Company. The Customer further agrees to pay the Company the amount set forth in Exhibit A.

8. This contract and the authorization does not bind Customer to any settlement negotiated by Company and Company does not have the power to so bind Customer. If upon further review of all documents and the customer's specific situation, Company feels it will not be able to negotiate a successful settlement, Company has the right to decline and refund all monies paid.

9. This contract constitutes the entire agreement between the parties and overrides and cancels any prior or subsequent written or oral representations or agreements.

10. If this contract is for a modification of the mortgage loan, Company shall pay a penalty of \$1300 in the event that the modification is not at least reinstatement of the mortgage with payments of arrearages spread over at least a 12 month period of time. If this contract is for a deed in lieu of foreclosure or short sale, this penalty does not apply.

11. In any litigation, the prevailing party shall recover its reasonable costs and attorney fees.

12. It is agreed that the damages of which the Customer may claim hereunder are limited to the amount paid under this contract. No other damages, actual or consequential may be claimed by the Customer which holds the Company harmless of any such claims, suits or liabilities hereunder.

13. Company may not charge or receive any payment until each and everything that Company is to provide under the scope of work, as set forth herein, has been completed. It is agreed that the scope of work is completed upon the Company sending to the Customer an email, agreed to orally by the Holder and by the Customer, of a settlement agreeable to each. It is specifically not when documentation of such a settlement is either received or executed by the Customer.

4001ContractB-FHA.FIN0904

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Sam M  
e-Signed 2009-02-02 05:50PM EST  
ue10409@aol.com

14. In the event that Company does not obtain a modification as follows, it shall pay the Customer a penalty of the amount shown on Exhibit A. Such amount shall be paid within 10 business days of the end of unsuccessful negotiations with the servicer or holder. The penalty shall be paid if the Company fails to obtain a payment equal to or less than that which it has stated it can negotiate with the servicer/holder as that is shown, in writing, on the application form for this contract.

*The penalty shall not be owed if:*

- A. *This contract is breached in any material way by the Customer.*
- B. *The documents and information supplied to the Company by the Customer does not support the information contained on such application.*
- C. *The customer agrees to accept any other payment amount from the holder/servicer*
- D. *The customer has failed to pay any amount owed the Company for any service or program whatsoever.*
- E. *The Customer has abandoned the negotiation process or cancels this contract.*

THE CUSTOMER ACKNOWLEDGES THAT HE HAS CAREFULLY READ THE TERMS HEREOF AND CLEARLY UNDERSTANDS THEM.

YOU MAY CANCEL THIS CONTRACT, WITHOUT ANY PENALTY OR OBLIGATION, AT ANY TIME BEFORE THE SCOPE OF WORK IS COMPLETED HEREUNDER. TO CANCEL THIS TRANSACTION, MAIL A SIGNED AND DATED COPY OF A CANCELLATION NOTICE, IN ANY FORM, OR SEND A TELEGRAM OR EMAIL TO DAC/COMPANY AT THE ADDRESS PRINTED ABOVE.

SIGNATURES:

COMPANY  
The Debt Advocacy Center, LLC

By: \_\_\_\_\_

Dated: \_\_\_\_\_

CUSTOMER(S)

\_\_\_\_\_

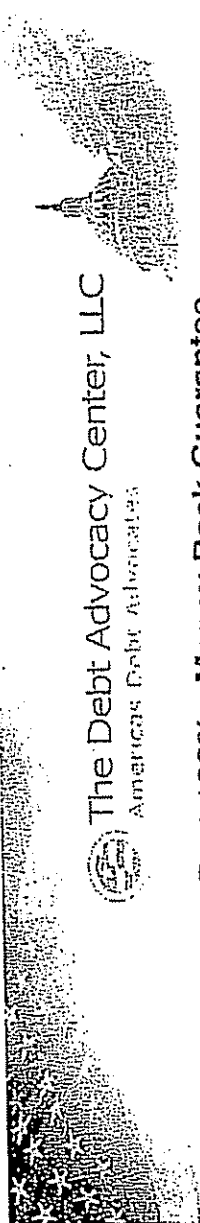
Signature(s)

Dated: \_\_\_\_\_

4001 Contract B-FHA.FIN0904

4

Sam M  
e-Signed 2009-02-02 05:50PM EST  
uef0409@aol.com



**The Debt Advocacy Center, LLC**  
 American Debt Advocates

**2 Part 100%+ Money Back Guarantee**

The Debt Advocacy Center (DAC) hereby guarantees that it will provide the customer an offer from the holder of the loan of no less than reinstatement of the mortgage with any arrearage being repaid over no less than a one year period of time.

In the event that the DAC does not obtain a modification giving the Customer the payment as set forth on the application or otherwise agreed to by the customer, then it shall pay the Customer a penalty of an amount that is at least \$1600 or greater. This amount will be specifically provided in the Contract between Customer and Company

The Debt Advocacy Center (DAC) also hereby guarantees that if upon review of closing documents we feel that we are unable to stop your foreclosure, all amounts paid by the customer shall be returned within ten days of its failure to meet the terms of this guarantee.

It is understood that the DAC shall not simply attempt to obtain this minimal modification, as do other foreclosure companies, but shall attempt to earn its success fee, as described in its contract, by obtaining a modification of the terms of the loan that reduce the payments and arrearages to an amount which the customer feels is acceptable.

The Debt Advocacy Center, LLC.

*ED Davidson*

Ed Davidson,  
 Chief Executive Officer

Sam Moffle (SM)  
 e-Signed 2009-02-02 05:50PM EST  
 ue10409@aol.com