

STATE OF NORTH CAROLINA
COUNTY OF WAKE

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
FILE NO: 13 CVS 7161

STATE OF NORTH CAROLINA, *ex rel.*
ROY COOPER, Attorney General, and
THE NORTH CAROLINA STATE BAR,

Plaintiffs,

v.

ORION PROCESSING, LLC, d/b/a World
Law Processing, World Law Debt, World
Law Group, and World Law Plan;

SWIFT ROCK FINANCIAL, INC., d/b/a
World Law Debt, World Law Group, and
World Law Plan;

DERIN ROBERT SCOTT;

BRADLEY JAMES HASKINS, d/b/a
World Law Group;

WORLD LAW SOUTH, INC., d/b/a World
Law Group;

And

GLOBAL CLIENT SOLUTIONS, LLC;

Defendants.

AMENDED COMPLAINT

I. SUMMARY OF COMPLAINT

1. This is an action for injunctive relief to enjoin the defendants from engaging in the illegal business of debt adjusting in violation of North Carolina's Debt Adjusting Act, N.C.

2. Gen. Stat. § 14-423, *et seq.*; from engaging in the unauthorized practice of law in violation of N.C. Gen. Stat. §§ 84-2.1, 84-4, and 84-5; from engaging in unfair and deceptive practices in violation of N.C. Gen. Stat. § 75-1.1; and to obtain restitution and further relief.

3. The defendants are offering, and purport to provide, illegal debt settlement services to North Carolina consumers, in violation of North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.* Among other activities, the defendants have collected illegal advance fees for debt settlement services, which are expressly prohibited by North Carolina law.

4. The defendants use deceptive and misleading representations to target consumers who have large amounts of credit card debt and are struggling to pay their debts. The defendants represent that they will negotiate with consumers' creditors on behalf of the consumers to reduce their debts through settlement. The defendants claim that through their negotiated settlements – which defendants represent will be around 40 cents on the dollar – the defendants' program will allow consumers to pay off their credit card debts, save consumers large amounts of money, and leave them debt-free without bankruptcy.

5. In fact, the defendants are operating a classic advance fee scam designed to extract exorbitant upfront fees from vulnerable consumers. The defendants rarely obtain settlements of consumers' credit card debts with consumers' creditors. For the first year or more that consumers are in the defendants' debt settlement program, almost all moneys that consumers pay go directly to the defendants for their fees, and virtually no money is accumulated to settle with or pay consumers' creditors – thereby defeating the advertised purpose of the program. As a direct result of the defendants' actions, most consumers' debt situations are greatly worsened, as indebted consumers are sunk deeper into debt, are sued by their creditors for nonpayment, and often are forced into bankruptcy.

6. In their solicitations and communications with consumers, the defendants further represent that their debt settlement program is “attorney based,” that the defendants are a “global law firm” with “over 1000 attorneys in the U.S.,” that the defendants’ debt settlement services are performed by attorneys, and that consumers will be assigned a “local attorney” who will oversee the consumer’s debt settlement program and will assist and advise them. In some mail solicitations, the defendants and their agents represent that the defendants’ services are offered through a government program or at no cost. These representations by the defendants and their agents are false.

7. In reality, the defendants are operating an illegal debt settlement enterprise. Almost all of the defendants’ operations – including most telephone and e-mail communications with consumers, correspondence with consumers’ creditors, and the few settlements the defendants obtain – are performed by and through employees of defendant Orion Processing, LLC (“Orion”), located in a call center facility in Austin, Texas. Many of these call center employees are held out by the defendants to consumers as being “legal assistants,” and the employees tell consumers that they are part of a law firm they identify as “World Law Group;” however, these call center employees of defendant Orion are not attorneys and have no legal training. Instead, defendant Orion, itself and through a predecessor, has engaged in marketing and providing debt settlement services for almost a decade.

8. Notwithstanding the defendants’ repeated representations that they are a “law firm” with “over 1000 local attorneys” providing debt settlement services and legal advice, North Carolina consumers report that they have never spoken with, communicated with, or received any debt settlement services from any person affiliated with the defendants who has identified himself or herself as licensed to practice law in North Carolina, even when consumers have

specifically requested referral to a North Carolina-licensed attorney. Instead, virtually all of the defendants' specious services are performed by non-attorneys, and the true identities and full contact information of the few attorneys involved with the defendants are rarely, if ever, disclosed to consumers.

9. When consumers are sued by their creditors seeking to collect on debts consumers have enrolled in the defendants' program, but which the defendants have failed to settle or pay, the defendants take their illegal scheme to yet another level. The defendants instruct worried consumers to forward any creditor lawsuits to them, and assure consumers they will protect them, telling consumers such things as, "[Y]ou will have experienced debt settlement consultants and Attorneys on your side [if you are sued]."

10. Instead, in response to creditors' suits, the defendants prepare unabashedly false answers, other pleadings, and discovery responses that are boilerplate and virtually identical in every case, regardless of the consumer's individual circumstances. These false pleadings have been filed in *hundreds* of cases that have pended or are pending in North Carolina courts and serve to materially subvert the judicial process. Upon information and belief, these false pleadings are prepared by or at the direction of defendant Bradley James Haskins ("Haskins"), who is licensed as an attorney in Texas, but is not licensed in North Carolina. Defendant Orion's call center employees – representing they are "legal assistants" – then e-mail, fax, or mail these false and ineffectual pleadings to consumers with instructions to file the documents with courts *pro se*. In some instances, the defendants have signed consumers' signatures on purported *pro se* pleadings and sent the pleadings to creditors' counsel.

11. As an example of the pleadings' falsehoods, in virtually all answers prepared by the defendants for consumers, and which the defendants direct consumers to file, the answers

attest that the consumers “never opened or used the [credit card] account” at issue; that “there is no valid credit card agreement” between the consumer and the creditor; that the consumer “never received demand for payment” from the creditor; and that the consumers “never paid” on the credit card. Each of these representations in every answer caused to be filed by the defendants in North Carolina is false, and the defendants knew they were false at the time they prepared the pleadings.

12. Indeed, the answers prepared by defendants are belied by the very information that the defendants require consumers to provide at the time of consumers’ enrollment in the defendants’ debt settlement program. Specifically, when consumers enroll in the defendants’ debt settlement program, the defendants require the consumer to provide an itemized listing of each of the credit card debts the consumer is submitting into the program, including each creditor; credit card number; the amount of each debt; copies of credit card statements which show the card number, amounts owed, and amounts paid; and any correspondence from consumers’ creditors. Thus, the defendants’ answers prepared for consumers are demonstrably – and knowingly – false.

13. In addition to the preparation of false pleadings, the defendants have provided unknowledgeable North Carolina consumers with harmful legal advice. This “advice” has included expressly instructing consumers to appear at court hearings and assert frivolous defenses, such as that consumers’ creditors (largely credit card banks) have been sued or are being investigated for “robo signing,” and that creditors’ local North Carolina counsel “are under investigation by federal authorities” for alleged “robo signing.” These allegations are baseless and false.

14. To further induce consumers to remain in the defendants’ debt settlement program

so defendants will continue to collect fees from the consumer, the defendants often prepare a demand for arbitration, which they instruct consumers to file, or they instruct consumers to orally request arbitration before arbitration tribunals, and particularly, the American Arbitration Association (“AAA”). These demands are typically submitted at or shortly before a court’s hearing on a creditor’s motion for summary judgment. Ironically, at this juncture, the defendants, on behalf of or through consumers, assert that it is the consumers’ underlying *credit card agreements* that provide for arbitration – the existence of which the defendants had expressly denied in the answers they prepared for consumers. In arbitration proceedings, the defendants continue with their sham representation of consumers, and submit unsigned pleadings that have little or no basis in fact or in law.

15. Notwithstanding the defendants’ exhortations to consumers that the defendants are “attorneys” and will “take care of everything,” when creditors have continued with litigation, courts and arbitrators have near universally entered judgments against the consumers, finding that the consumers’ debts were incurred and are owed. In some instances, courts and arbitrators have sanctioned consumers for the defendants’ conduct, causing distressed consumers even greater financial harm.

16. By purposefully filing, or causing to be filed, hundreds of demonstrably false pleadings, as well as pleadings containing forged signatures of consumers, in courts throughout the State, the defendants have engaged in widespread deceit not only on consumers, but also on North Carolina courts and consumers’ creditors in violation of N.C. Gen. Stat. § 75-1.1 and Chapter 84.

17. When consumers ultimately cancel the defendants’ debt settlement program, the defendants very rarely refund their front-loaded fees, and therefore consumers are refunded very

little, if any, of the money they have paid.

18. From October 2010 through February 2013, the latest month for which the Attorney General has analyzed payment records, **at least 813 North Carolina consumers had paid more than \$4,105,681.00 into the defendants' debt settlement program** for settlement of their debts. Of this amount, **the defendants had already retained more than \$2,643,341.00 for themselves for their fees, accounting for more than 64% of consumers' payments**, and had paid only \$527,328.00, or less than 13% of what North Carolina consumers had paid, to consumers' creditors.

II. ACTIONS AND PROCEEDINGS IN OTHER JURISDICTIONS

19. North Carolina is not the only jurisdiction that has taken action against the defendants' illegal conduct.

20. The States of Illinois, Oregon, Connecticut and Colorado all have brought enforcement actions against the defendants, seeking to permanently enjoin them from their illegal and harmful debt settlement practices. These actions are:

i. *The People of the State of Illinois v. Clear Your Debt, LLC, et al.* (No. 2010-CH 167) (Seventh Judicial Circuit, Sangamon County) (the "Illinois Action"). Defendants Orion, Swift Rock Financial, Inc. ("Swift Rock"), and Derin Scott ("Scott") are all also defendants in the Illinois Action.

ii. *State of Oregon ex rel. Rosenblum, et al. v. Swift Rock Financial, Inc., et al.* (No. 1307-09347) (Multnomah County) (the "Oregon Action"). Defendants Orion and Swift Rock are also defendants in the Oregon Action.

iii. *State of Connecticut Department of Banking: In the Matter of: World Law Debt, et al., Order to Cease and Desist* (July 13, 2013) (the "Connecticut Banking

Proceeding”). Defendant Orion is also a respondent in the Connecticut Banking Action.

iv. *State of Colorado ex rel. Suthers, et al. v. Orion Processing, LLC, et al.* (No. 2014 CV 31779) (Denver County) (the “Colorado Action”). Defendants Swift Rock and Scott are also defendants in the Colorado action.

21. Additionally, the Texas Better Business Bureau has issued “F” ratings, on a scale of A+ to F, with “A+” being the highest and “F” the lowest, to “Orion Processing,” “World Law Debt,” and “World Law Group.”

III. PROCEDURAL BACKGROUND

22. Plaintiffs, the State of North Carolina, *ex rel.* Roy Cooper, Attorney General (“the Attorney General”), and the North Carolina State Bar (“the State Bar”), filed their *Complaint* in this action on May 22, 2013 against defendants Orion, Swift Rock, Scott, and Global Client Solutions, LLC (“Global”), together with a *Motion for a Temporary Restraining Order and Preliminary Injunction*, which was accompanied by twelve affidavits.

23. On May 23, 2013, upon the plaintiffs’ motion, the Honorable Howard E. Manning, Jr. entered a temporary restraining order (the “Temporary Restraining Order”) enjoining defendants Orion, Swift Rock, Scott, “together with their officers, agents, employees, attorneys, and all persons acting in concert with them” from, among other activities: **(a)** soliciting North Carolina consumers for debt settlement, debt negotiation, or any related legal services; **(b)** entering into new contracts with North Carolina consumers for debt settlement, debt negotiation, or any related legal services; **(c)** preparing or providing legal pleadings for use by North Carolina consumers or providing legal advice to North Carolina consumers; **(d)** collecting any further fees, directly or indirectly, from North Carolina consumers related to the performance of debt settlement, debt negotiation, or any related services, including legal

services; and (e) transferring funds received from North Carolina consumers, except to pay money to consumers' creditors or to return funds to consumers.

24. On May 23, 2013, upon the plaintiffs' motion, Judge Manning also entered a Temporary Restraining Order ("Global Temporary Restraining Order"), enjoining third party defendant Global Client Solutions, LLC ("Global"), an unrelated payment processor which disburses consumers' payments to the defendants from consumers' bank accounts, from disbursing any further fees to the defendants from funds collected from North Carolina consumers.

25. On June 4, 2013, upon the plaintiffs' motion, the Honorable G. Bryan Collins, Jr. entered a preliminary injunction order extending the terms of the Temporary Restraining Order, and more specifically enjoining defendants Orion, Swift Rock, and Scott, "together with their officers, agents, employees, attorneys, and all persons acting in concert with them" from, among other things:

Preparing or providing legal pleadings, including but not limited to answers, discovery responses, affidavits, or motions, to or for use by consumers in North Carolina, including pleadings provided to the consumer for *pro se* filing or use; or providing any legal advice to consumers in North Carolina, including instructions on filing any pleadings or other documents with a court or tribunal, or instructions to consumers on appearing before a court or other tribunal, including statements to make to such court or tribunal;

and from

Communicating with any court, tribunal, or creditor as an attorney or other representative of the legal interests of a North Carolina consumer debtor whether identified as an attorney, a paralegal, or any other title or designation.

(the "Preliminary Injunction Order")

26. The Preliminary Injunction Order also ordered the defendants to "notify every

North Carolina customer that the World Law defendants [defined in the Preliminary Injunction Order as defendants Orion, Swift Rock, and Scott] will no longer provide any legal services, including pleadings or instructions for appearing in court, and the customer should consult with a North Carolina licensed attorney if they want legal services or advice concerning their legal rights and remedies with respect to any claims by creditors.”

27. On June 4, 2013, upon the plaintiffs’ motion, Judge Collins also entered a preliminary injunction order against third party defendant Global, extending the terms of the Global TRO, thereby enjoining defendant Global from disbursing any further fees to the defendants from funds collected from North Carolina consumers.

28. Defendants Orion, Swift Rock, and Scott all have been served. No answer or responsive pleading has been filed by any of the defendants. On June 3, 2013, defendant Orion filed a motion to dismiss, claiming lack of personal jurisdiction. That motion has not yet been heard.

29. On August 6, 2013, articles of incorporation were filed with the North Carolina Secretary of State, creating the North Carolina corporation defendant World Law South, Inc. (“World Law South”). Upon information and belief, these articles of incorporation for World Law South were filed at the direction of defendant Haskins, in an effort by the defendants to continue their illegal debt settlement scheme, and in a bad faith attempt by the defendants to evade this Court’s Preliminary Injunction Order by doing business under yet another name.

30. On September 26, 2013, upon plaintiffs’ motion, entries of default were entered against defendants Swift Rock and Scott. On June 11, 2014, defendant Scott appeared and moved to set aside the entry of default and to dismiss the *Complaint*, contending lack of personal jurisdiction and insufficient service of process.

31. Since the plaintiffs' filing of their *Complaint*, defendants Orion and Scott, in active concert with defendants Haskins and World Law South, have flagrantly continued their debt settlement scheme in direct violation of this Court's Preliminary Injunction Order by continuing to engage in the unauthorized practice of law in North Carolina, and in unfair and deceptive practices, including but not limited to: preparing and providing pleadings to North Carolina consumers for filing in North Carolina courts; providing legal advice to consumers, including providing statements to North Carolina consumers to read in open court asserting legal defenses and requesting arbitration; and purporting to represent North Carolina consumers in arbitration proceedings. The defendants also have failed to comply with this Court's Preliminary Injunction Order by failing to notify North Carolina consumers that they are enjoined from providing legal services to North Carolina consumers, including preparing pleadings or providing legal advice, and that consumers should consult with a North Carolina licensed attorney if they need legal services or advice.

32. The purpose of this *Amended Complaint* is: (a) to join as additional defendants (i) defendant Haskins, who has been identified through discovery and from other investigation as the person directing and controlling the unlawful litigation activities of the defendants, including acting as the "Chairman" of the purported "law firm" "World Law Group," which has not been determined to have any legal existence apart from defendant Haskins individually and for which the defendants have failed to provide proof of its purported legal existence; and (ii) defendant World Law South, through which the defendants are now conducting many of their illegal activities; as well as (b) to amend certain allegations and claims in the plaintiffs' *Complaint* based upon ongoing discovery and investigation by the plaintiffs since the *Complaint's* filing.

IV. PARTIES

33. Plaintiff the State of North Carolina is acting through its Attorney General, Roy Cooper (“Attorney General”), pursuant to authority granted by Chapters 14, 75, and 114 of the North Carolina General Statutes.

34. Plaintiff The North Carolina State Bar (“State Bar”) is a body duly organized under the laws of the State of North Carolina and is authorized to proceed against defendants pursuant to Chapter 84 of the North Carolina General Statutes as well as the Rules and Regulations of the State Bar promulgated pursuant thereto.

35. Defendant Orion Processing, LLC (“Orion”) is a Texas limited liability company formed on June 12, 2008, with a principal place of business at 9011 Mountain Ridge Drive, Austin, Texas 78759. On April 22, 2011 and on July 19, 2011, respectively, defendant Orion filed with the Clerk of Travis County in Austin, Texas assumed name certificates for the assumed names “World Law Debt” and “World Law Processing.” On May 7, 2012, defendant Orion filed an assumed name certificate with the Texas Secretary of State for the assumed name “World Law Processing.” In addition to conducting business under the assumed names “World Law Processing” and “World Law Debt,” defendant Orion conducts business under other “World Law” names, including but not limited to “World Law Group” and “World Law Plan.” Defendant Orion is not a company or corporation authorized to practice law in North Carolina under the provisions of Chapter 55B of the General Statutes of North Carolina.

36. Defendant Swift Rock Financial, Inc. (“Swift Rock”) is a Texas corporation formed on January 14, 2008 with a principal place of business at 9011 Mountain Ridge Drive, Austin, Texas 78759. This is the same location as the principal place of business as defendant Orion. On May 7, 2012, defendant Swift Rock filed an assumed name certificate with the Texas

Secretary of State for the assumed name “World Law Debt,” which was withdrawn on December 6, 2013. Upon information and belief, in addition to using the assumed name “World Law Debt,” defendant Swift Rock has also conducted business under the names “World Law Group” and “World Law Plan.” Upon information and belief, defendant Swift Rock has acted as a marketing company for defendant Orion, and, for a period of time covered by this *Amended Complaint*, enrolled consumers in the defendants’ debt settlement program. Upon information and belief, defendants Scott and Orion have largely transferred the business functions of defendant Swift Rock to defendant Orion and other entities. Defendant Swift Rock is not a company or corporation authorized to practice law in North Carolina under the provisions of Chapter 55B of the General Statutes of North Carolina.

37. Defendant Derin Robert Scott (“Scott”) is the sole Managing Member of defendant Orion and is the sole Officer of defendant Swift Rock. Defendant Scott is sued individually and in his capacity as Managing Member of defendant Orion and Officer of defendant Swift Rock. Defendant Scott is not a licensed attorney and is not authorized to practice law in North Carolina. Upon information and belief, at all times relevant hereto defendant Scott has formulated, directed, controlled, participated in, and had knowledge of the illegal acts and practices of all other named defendants, including defendants Orion, Swift Rock, Haskins, and World Law South. Defendant Scott has represented to this Court in his *Motion to Set Aside Entry of Default*, filed on June 11, 2014, that he “maintains his residence in Florida.” In public record filings, as well as in deposition testimony given by defendant Scott in the Illinois Action in September 2013, defendant Scott states that his current residence is in Hobe Sound, in Martin County, Florida. At the time plaintiffs’ *Complaint* was filed, the last known residence for defendant Scott was located at 1507 Osprey Ridge Loop, Lago Vista, Texas.

38. Defendant Bradley James Haskins (“Haskins”) is licensed as an attorney in Texas, but he is not licensed as an attorney in North Carolina and is not authorized to practice law in North Carolina. Upon information and belief, defendant Haskins has formulated, directed, controlled, participated in, and had knowledge of the illegal acts and practices of all other named defendants, including defendants Orion, Swift Rock, Scott, and World Law South, as well as activities of the purported law firm “World Law Group,” as set forth below. Defendant Haskins is a resident of Fort Lauderdale, in Broward County, Florida.

39. Defendant Haskins holds himself out as “Chairman” and managing agent of a purported law firm “World Law Group.” “World Law Group” is held out by the defendants to consumers as the “law firm” providing services under consumers’ debt settlement contracts. Defendants have represented on various occasions that “World Law Group” is either a Swiss verein or a United States limited liability company known either as World Law Group, LLP or World Law Group America, LLP. Notwithstanding the defendants’ representations, “World Law Group” has no known legal existence apart from defendant Haskins and the remaining defendants, and the defendants have failed to provide any documentation showing that any entity named “World Law Group” affiliated with any of the defendants exists. Instead, after exercising due diligence, all evidence available to the Attorney General and the State Bar has shown that “World Law Group” is merely an assumed name used by all of the defendants under and through which they conduct their illegal debt settlement enterprise.¹

40. There is a consortium of international law firms known as World Law Group. This consortium is organized as a Delaware nonprofit corporation named World Law Group, Ltd. World Law Group, Ltd. owns a trademark registered with the United States Patent and

¹ A detailed description of the plaintiffs’ investigation is set forth in the *Affidavit of Timothy Batchelor*, which is referenced *infra* at paragraph 98, and is attached as Exhibit I.

Trademark Office for “World Law Group.” World Law Group, Ltd. maintains a website at www.theworldlawgroup.com and www.theworldlawgroup.org. World Law Group has no connection with and is unrelated to any of the defendants.

41. Defendant World Law South, Inc. (“World Law South”) is a North Carolina corporation incorporated on August 6, 2013. The registered agent of defendant World Law South is attorney Alfred P. Carlton, Jr., and the registered address of World Law South is the former address of Mr. Carlton’s law office, 1101 Haynes St., Suite 101, Raleigh, North Carolina. Defendant Haskins is identified in World Law South’s articles of incorporation as a Member of the initial Board of Directors of defendant World Law South. Upon information and belief, defendant Haskins is the principal managing agent of World Law South and has formulated, directed, controlled, participated in, and had knowledge of the illegal activities of World Law South.

42. The principal office address listed for defendant World Law South in its articles of incorporation is 110 Wall St., Suite 1100, New York, NY 10005. This address is that of a business that offers “virtual office” space and which records phone messages and receives non-legal mail, but there are no employees, signage, or business operations of World Law South at such location. This business address is also sometimes identified by the defendants as the address of the purported “law firm” of “World Law Group.”

43. Defendant World Law South represents to consumers, consumers’ creditors, and creditors’ legal counsel that it has a North Carolina business address of 1800 Camden Road, Suite 107-54, Charlotte, North Carolina 28203. This address is a United Parcel Service (“UPS”) “mail drop” – that is, a retail store at which postal boxes can be rented and mail received, but it is not a business location from which World Law South (or any other business except UPS)

conducts business operations. Upon information and belief, the business of defendant World Law South is conducted by and through defendant Haskins from his residence in Florida, via e-mail, facsimile, phone, and mail, and by and through defendant Orion from Orion's business location at 9011 Mountain Ridge Drive in Austin, Texas.

44. In pleadings filed by World Law South in the North Carolina Business Court, World Law South claims to be a "company related to," "affiliated with," and to possess an "identical" business model as the fictitious "World Law Group." In those pleadings, World Law South represents that it is now handling the arbitration representation services of the purported "World Law Group." See *Amended Complaint* of World Law South, Inc. in the case captioned *World Law South, Inc. v. The North Carolina State Bar*, 13 CVS 011048.² World Law South states that World Law South is the "corporate successor" of "World Law Group."

45. Defendant Global Client Solutions, LLC ("Global") is an Oklahoma limited liability company with a principal place of business at 4500 S 129th E. Ave., Suite 175, Tulsa, Oklahoma 74134. Defendant Orion has contracted with Global to handle consumers' payments into the defendants' debt settlement program. Global is a third party payment processor, and it provides payment processing services for numerous unrelated companies, some of which are in the debt settlement business. Under consumers' contracts with the defendants and with Global, Global is responsible for debiting consumers' bank accounts on a monthly basis for deposit into a dedicated bank account administered by Global for the purpose of paying consumers' creditors. Global disburses consumers' moneys to defendant Orion for the defendants' fees on a monthly basis from this dedicated account.

46. Defendants Orion, Swift Rock, Scott, Haskins, and World Law South have

² At a hearing held on June 3, 2014, the Honorable James L. Gale granted the State Bar's motion to dismiss World Law South's Amended Complaint and dismissed the case without prejudice.

conspired together and acted in concert to engage in the acts and practices described throughout this *Amended Complaint*, and each defendant is jointly and severally liable for the acts and practices described below. Defendants Orion, Swift Rock, Scott, Haskins, and World Law South are referred to collectively in this *Amended Complaint* as “defendants,” “World Law defendants,” or “World Law,” except as otherwise designated in this *Amended Complaint*.

47. Upon information and belief, other than through the aforementioned third party payment processor contractual arrangement, defendant Global is not related to the World Law defendants. Global is named as a defendant in this action solely for purposes of injunctive relief to restrain the payment of unlawful fees to the World Law defendants. Defendant Global is expressly referred to in this *Amended Complaint* as “Global” or “defendant Global,” and unless the context shows otherwise is not intended to be included in the general reference to “defendants,” “World Law defendants,” or “World Law.”

V. FACTUAL ALLEGATIONS

A. Debt Settlement and North Carolina Law

48. The so-called business of debt settlement – specifically, offering to assist a consumer debtor in resolving the consumer’s debts by receiving payments from the consumer for distribution to the consumer’s creditors, all in exchange for an upfront fee – has long been fraught with sharp practices and fraud.

49. In 1963, in S.B. 109, the North Carolina General Assembly enacted the Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*, to curb these abusive practices. The preamble to the Act expresses the General Assembly’s concern with the practice of debt adjusting, or debt settlement, and clearly iterates the legislature’s intent:

A national organization known as the Better Business Bureau states “that those who have swarmed into the debt adjustment field recently have included a large proportion of unscrupulous or incompetent opportunists whose activities have spread misery throughout the land. They have used extravagant and deceptive advertising to claim far more than they were in position to deliver They have withheld their own fees from the debtors’ payments and have failed to promptly make agreed payments to creditors or to obtain creditors’ accession to the . . . plan devised. . . . The net result of their activities, in many cases, has been to leave already desperate people more hopelessly mired in debt and litigation than before.”

....

[T]hose engaging in such practices, except for a few, have engaged in false advertising, have falsely held themselves out as being competent and able to solve debt problems regardless of any and all circumstances, have lured ignorant and unsuspecting people into executing contracts heavily loaded in their favor and have charged large fees for alleged services which results in piling debt upon debt.

50. As enacted in 1963, North Carolina’s Debt Adjusting Act prohibited the practice of charging advance fees to resolve consumers’ debts and, to that end, collecting money from consumer debtors to distribute to consumers’ creditors. N.C. Gen. Stat. § 14-423. The violation of the statute is a misdemeanor, but it may be enforced by the Attorney General as an unfair and deceptive practice. N.C. Gen. Stat. § 14-424. A number of states enacted debt adjusting statutes during the same time period; others have since adopted statutes regulating debt settlement.

51. In 2005, the General Assembly enacted amendments to the Debt Adjusting Act so that the statute now expressly prohibits the charging of any advance fees for debt settlement services, regardless of whether the debt adjuster itself actually disburses the consumer’s money to creditors or whether the moneys are disbursed to creditors through a third party, such as a payment processor like defendant Global. N.C. Gen. Stat. § 14-423. Attorneys are exempt from the Debt Adjusting Act, but only if the attorney is licensed to practice law in the State of North

Carolina and the attorney “is not employed by a debt adjuster.” N.C. Gen. Stat. § 14-426(6) (emphasis added).

B. The Federal Telemarketing Sales Rule and the Origination of the Defendants’ “World Law” Debt Settlement Scheme

52. Defendant Scott has engaged in the debt settlement business since at least as early as 2006. Beginning in 2006, defendant Scott created a debt settlement company called Clear Your Debt, LLC (“Clear Your Debt”). In 2008, with Scott’s creation of defendant Orion, the debt settlement business of Clear Your Debt was largely transitioned to defendant Orion. Beginning in or about 2008, defendant Scott created other related companies including but not limited to Mesa Rock Financial, LLC, Topaz Financial, Inc., and defendant Swift Rock, the purposes of which were to market the debt settlement services of defendant Orion (and previously, Clear Your Debt), and to enroll consumers in defendant Orion’s debt settlement program.

53. In 2010, in recognition of the deceptive and abusive practices of debt settlement providers, increased numbers of consumers with credit card debts, and the proliferation of telemarketing and Internet advertising by debt settlement providers, the Federal Trade Commission (“FTC”) promulgated amendments to the federal Telemarketing Sales Rule (“the TSR”), 16 C.F.R. Part 310, to expressly govern the provision of “debt relief services,” including debt settlement services.

54. “Debt relief services” are defined in the amended TSR as: “[A]ny program or service represented, directly or by implication, to renegotiate, settle, or in any way alter the terms of payment or other terms of the debt between a person and one or more unsecured creditors or debt collectors, including, but not limited to, a reduction in the balance, interest rate, or fees owed by a person to an unsecured creditor or debt collector.” 16 C.F.R. § 310.2(m).

55. A key component of the amended TSR, like North Carolina law, explicitly prohibits debt relief providers from collecting any fees for debt relief services until after a consumer's debts have actually been settled, altered, or reduced. 16 C.F.R. § 310.4. The TSR specifies that no fees may be collected until there is a written settlement agreement between the consumer and the creditor; the consumer has agreed to it; and at least one payment has been made to the creditor as a result of the agreement negotiated by the debt relief provider. The advance fee ban provision in the amended TSR, banning the collection of any advance fees for debt relief services, became effective on October 27, 2010; and it applies to all persons or entities purporting to provide debt relief or debt settlement services. The FTC, the Consumer Financial Protection Bureau (the "CFPB"), and State Attorneys General have authority to enforce the TSR.

56. In September 2009 and January 2010, prior to the adoption of the amended TSR governing debt relief services, defendant Orion submitted written comments to the FTC, strenuously objecting to the then-proposed advance fee ban, stating that "as a debt settlement company, Orion relies on receiving advance payments from its clients," and that "[i]f Orion and other . . . debt settlement companies were required to wait to collect fees from clients, it would be very difficult to continue operations." In its letters to the FTC, defendant Orion stated that (a) Orion had been enrolling consumers in debt settlement services since 2006 (effectively acknowledging that Clear Your Debt was, in fact, the same as defendant Orion); (b) Orion had approximately 7,500 consumer clients; (c) Orion "preferred" that consumers have "at least \$20,000" in unsecured debts; and (d) Orion's "marketing system [wa]s set up to where simply acquiring a client can cost anywhere from \$500 to \$1200." These letters were prepared and signed by Orion employee Randy Lepley, who listed his title as "Director of Settlements." Defendant Orion's comments to the FTC, together with the FTC's request for information, is

attached as **Exhibit A** and incorporated herein.

57. Once it became clear that the FTC was likely to adopt a national rule prohibiting the collection of advance fees for debt relief services, defendants Scott and Orion conspired with defendant Haskins in or about late 2009 or early 2010 to develop a scheme to attempt to evade the upcoming ban. In sworn deposition testimony given by defendant Scott in the Illinois Action, defendant Scott testified that, in 2010: **(a)** he was aware of the looming FTC ban on advance fees; **(b)** he learned of defendant Haskins during this time period through a “referral”; **(c)** he met personally with defendant Haskins in Fort Lauderdale, Florida; **(d)** he was told by defendant Haskins that Haskins was the “lead attorney” for a law firm defendant Scott claimed only to know as “World Law” or “World Law Group”; and **(e)** defendant Orion thereafter entered into an agreement with defendant Haskins to provide debt settlement services for so-called clients of “World Law” or “World Law Group.”

58. Upon information and belief, prior to conspiring and entering into the current debt settlement scheme with defendants Scott and Orion, defendant Haskins operated (and continues to operate) an on-line “legal solutions” business at the website www.worldlawdirect.com, among others.

59. Upon information and belief, from time to time, defendant Haskins has advertised for contractors on the website www.craigslist.com (“Craigslist”); contracted with a few attorneys and other individuals to assist him part-time with legal research and other tasks as needed; and paid them minimal sums, often through Pay Pal. The website www.worldlawdirect.com discloses no office location on its website, and contractors work from their respective homes.

C. The Defendants' Marketing of Their Debt Settlement Scheme

60. Following the discussions of defendants Scott and Haskins, in or about late 2009 or early 2010 – and prior to the October 27, 2010 effective date of the amended TSR banning advance fees for debt settlement services – the defendants conspired together to re-label defendant Orion's debt settlement business as "World Law," using a number of "World Law" names, including "World Law Group," "World Law Debt," "World Law Processing," and "World Law Plan," among others. Although the defendants began using various "World Law" names, defendant Orion's debt settlement business operated fundamentally almost exactly as it had prior to 2010.

61. Specifically, defendants Orion, Scott, and Swift Rock, now in conjunction with defendant Haskins, continued to offer and provide – under various "World Law" names – debt settlement services to distressed consumers and to collect illegal advance fees for their purported debt settlement services. Notwithstanding the TSR and state laws, including North Carolina law, prohibiting or regulating debt settlement practices, the defendants and their agents continued to solicit and enroll consumers in the defendants' debt settlement program based on promises that they would negotiate and settle consumers' debts with consumers' creditors.

62. Nowhere in their advertisements or solicitations do the defendants tout the preparation of legal pleadings or "arbitration representation" services. Consumers who sign up for the defendants' debt settlement program are trying to pay their debts, and, at the time of enrollment, have generally not been sued by their creditors. The consumers therefore are not seeking legal representation in suits filed by their creditors or "arbitration representation" services. This fact is consistent with the defendants' own marketing materials. Indeed, the defendants expressly represent in their marketing materials that their services will make it less

likely that consumers will be sued by their creditors, and, consequently, that it is less likely that consumers will need legal representation to defend against lawsuits filed by their creditors or “arbitration representation” services.

63. The defendants solicit prospective customers through a variety of means, including through advertisements on the Internet websites www.worldlawdebt.com, www.worldlawdebtsettlement.com, www.worldlawdebtassistance.com, www.worldlawadvantage.com, www.worldlawoptions.com, and www.worldlawdirect.com, among others; television commercials; videos posted on YouTube; outbound telemarketing; and direct mailings to consumers.

64. The defendants’ solicitations are expressly targeted to consumers who are struggling with paying unsecured debts, but who wish to reduce and pay their debts without filing for bankruptcy. The defendants target consumers who owe at least \$20,000 in credit card debt and who are having difficulty paying. In order to identify these consumers, the defendants and/or lead generators working with the defendants or the defendants’ agents, purchase data from credit reporting agencies that lists consumers’ names; the amount of revolving debt owed by the consumer; and whether the consumer is delinquent or past due. *See Affidavit of Carol Jackson* attached as Ex. 11 to *Plaintiffs’ Motion for a Temporary Restraining Order and Preliminary Injunction*.

65. The defendants, or lead generators soliciting customers on the defendants’ or their agents’ behalf, then use this information to mail grossly deceptive solicitations directly to consumers, which list the consumer’s name, address, and the total amount of revolving debt owed by the consumer, in an effort to induce the consumer to call the defendants for assistance.

66. The defendants or lead generators soliciting customers on behalf of the defendants

and their agents, have repeatedly issued false mailings suggesting that the defendants are affiliated with the government and can assist consumers in obtaining government “benefits” intended for consumers struggling with unsecured debt. On numerous occasions, the defendants’ mailings have falsely stated that consumers may be eligible for “benefits” under a “**U.S. Federal Stimulus Package**”; that consumers’ interest rates will be reduced to 0%; and that if consumers fail to call, their “benefits” will expire and the consumer’s legal rights will be affected. All of these representations are false.

67. As an example, one such solicitation mailed by the defendants and/or the defendants’ agents in November 2012 to Gloria Tate Keith, a resident of Durham, North Carolina, stated:

CERTIFIED REDUCTION NOTICE:

According to the U.S. DRI Code and the 2010 U.S. Federal Stimulus Package, this certified notice will act as the final opportunity for all U.S. Citizens to claim the pending benefits set aside for said U.S. Citizens.

You are hereby notified that benefits set aside, through the U.S. Federal Stimulus Package, in the name of Gloria Tate Keith, are set to expire as of 12/17/2012 at 12 Midnight E.S.T. If said benefits have not been redeemed, the benefits for Gloria Tate Keith will be considered Unclaimed

The aforementioned Stimulus Package Benefits can be accessed for the sole utilization of resolving the past due, unsecured debt in the amount of \$53,387, which is currently filed against and reporting on Gloria Tate Keith’s credit report and may be delinquent and past due. Please do not delay, call 1-866-496-9877 to avoid loss of Benefits.

. . . .

This is your FINAL NOTICE of eligibility. FAILURE TO RESPOND TO THIS NOTICE MAY AFFECT YOUR LEGAL RIGHTS.

A copy of this mailing, used by defendants to solicit North Carolina consumers into the defendants' illegal debt program, is attached as **Exhibit B** and incorporated herein. See also Affidavit of Gloria Tate-Keith, attached as Exhibit 2 to *Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction*.

68. The defendants or the defendants' agents also have caused solicitations to be mailed to consumers in North Carolina indicating that the defendants are North Carolina licensed attorneys, and can assist consumers if they are sued by their creditors. One such solicitation used by the defendants or their agents issued on letterhead titled "NORTH CAROLINA LEGAL ADVOCATES – A PROFESSIONAL ORGANIZATION." A header on the solicitation states that the defendants are "**State of North Carolina Licensed**," and the bottom of the letter reads "**Raleigh Office**" with a phone number. The letter claims that it is a "PRIVILEGED AND CONFIDENTIAL COMMUNICATION" and that "North Carolina Legal Advocates" are "reaching out" to help the consumer

avoid any pending legal action from your creditors, which could result in wage garnishment, levy of funds from your bank accounts or liens placed against your person or property. Our organization will help you fight to stop these actions.

The letter further states that "North Carolina Legal Advocates" "**does not charge a fee for its services.**" When consumers called the toll-free number listed in the solicitation, they reached agents of the defendants who attempt to enroll them in the defendants' illegal debt settlement program. A copy of such a solicitation sent by the defendants or on behalf of the defendants to North Carolina consumers is attached as **Exhibit C** and incorporated herein. See also Affidavit of David C. Evers, attached as Exhibit 12 to *Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction*.

69. Virtually all of the representations in the defendants' "North Carolina Legal

Advocates” solicitation are false. There is no organization called “North Carolina Legal Advocates,” and the solicitation is not issued from such organization; the defendants are not a law firm and the defendants are not licensed as attorneys in North Carolina; the defendants do not have an office in Raleigh or anywhere in North Carolina; and the defendants do charge fees for their services.

70. On their websites, including at www.worldlawdebt.com, www.worldlawdebtsettlement.com, www.worldlawdebtassistance.com, www.worldlawadvantage.com, www.worldlawoptions.com, and www.worldlawdirect.com, the defendants tout their debt settlement services and represent that these debt settlement services are offered through “local attorneys” who will assist consumers and give them legal advice. Examples of these representations and solicitations on the defendants’ websites include the following, which appears at www.worldlawdebtassistance.com:

WHO’S THE #1 DEBT RELIEF COMPANY?

Many families are financially suffering during this economic decline. Credit card debt that used to be manageable has become an impossible burden – and good, hard-working people like you are currently facing previously unimaginable financial difficulties. We understand, and we want to help.

At World Law Debt, we are committed to providing the highest quality of **debt relief services**, financial assistance and legal advice

We provide **debt relief** through **structured debt settlements**. We are a **global law firm**, and our attorneys use their diverse legal backgrounds to help you resolve **unsecured debt** issues, such as **credit card debt**. Each client is assigned to a team of Legal Assistants and a Team of Attorneys including a state and federal attorney. At World Law Debt our extensive network of debt relief attorneys allows us to assist clients in nearly all 50 states.

WORLD LAW DEBT can settle your debts for less than the

balance owed, without having you file for Bankruptcy.

WORLD LAW DEBT can lower your monthly payments and save you money.

71. Similarly, at the website www.worldlawdebtsettlement.com, the defendants make the following representations touting their debt settlement program:

If you're overwhelmed with debt and looking for debt relief, we're here to help. Our **debt relief law firm** is committed to helping consumers take control of debt and settle it quickly Our **debt relief law firm** consists of the nation's leading debt settlement attorneys, skilled debt analysts, expert debt negotiators, and a client driven team of customer care professionals. We provide:

- Monthly debt settlement payments designed to fit your budget
- Debt settlement consultations – and the results are real!
- Debt settlement on all unsecured debt including credit cards, medical bills, auto repossessions, and unsecured lines of credit

72. At the website www.worldlawoptions.com, the defendants represent that consumers will have a “**personally assigned state attorney**” throughout their debt settlement program, as the defendants state:

We solve debt issues. Personal debt evaluation, structured debt settlements, **client has personally assigned state attorney**, 24 hour access to legal advice for our clients, paid and free ask-a-lawyer services

Copies of the above and additional pages from the defendants' websites are attached as **Exhibit D** and are incorporated herein.

73. When consumers call the toll-free telephone numbers in response to the defendants' mail solicitations, websites, and advertisements, consumers reach “enrollment specialists” who represent that they work for a “law firm” called “World Law.” Sometimes

enrollment agents describe the “law firm” as “World Law Group” or “World Law Debt,” but these terms are interchangeable and all refer to the defendants and their single debt settlement enterprise. The defendants are not a law firm and, upon information and belief, there is no law firm affiliated with any of the defendants with the name “World Law Group,” “World Law Debt,” “World Law Plan,” or any other “World Law” name.

74. These “enrollment specialists” are sales agents whose job is to sell consumers on the defendants’ illegal debt settlement program. Some of these enrollment agents are or have been employed by defendants Orion, Swift Rock, or Scott directly, or by other companies affiliated with defendants Orion, Swift Rock, or Scott. Other enrollment agents work for third party enrollment companies which are or have been paid, directly or indirectly, by defendants Orion, Swift Rock, or Scott and/or other entities affiliated with them.

75. The “enrollment specialists” are paid on commission based on the number of consumers they enroll. Therefore, “enrollment specialists” are incentivized to say whatever it takes “to close the sale” to persuade consumers to enroll in the defendants’ program. They have no significant training, experience, or expertise in the areas of credit counseling, debt settlement, or bankruptcy law. Instead, acting as defendants’ agents, the enrollment specialists attempt to sell the defendants’ unlawful debt settlement program without any meaningful analysis of the consumer’s particular financial situation and circumstances.

76. Among other statements, the defendants and their agents routinely tell consumers that if they enroll in the defendants’ debt settlement program, the defendants’ “attorneys” will contact consumers’ unsecured creditors to negotiate substantially reduced settlements of the consumers’ credit card debts. Specifically, the defendants and their agents tell individual consumers that: (a) the defendants are highly experienced and successful in negotiating and

reducing consumer debts; (b) the consumer will be represented by a law firm with practicing attorneys throughout the country and in North Carolina; (c) the defendants' debt settlement program will reduce the consumer's debts by at least 40% and possibly as much as 67%; (d) the consumer's monthly payments may be reduced by as much as 60%; and (e) the consumer can become debt free in as little as two to four years without filing for bankruptcy. These representations by the defendants and their agents are misleading and are largely false.

77. The defendants and their agents further represent to consumers that only "a very small percentage of [World Law's] clients are ever served or dragged into litigation" and that their debt settlement program will actually *discourage* creditors from suing consumers to collect on debts owed. For example, at Frequently Asked Questions ("FAQs") on their website www.worldlawdebtsettlement.com, the defendants state:

Can I be sued?

[L]awsuits are usually meant to force a settlement of the debt. **Since we're a law firm, our letters of representation act as a major deterrent for litigation.** It's our experience that most creditors would rather negotiate a settlement with us than go to court. Fortunately, you will have experienced debt settlement consultants and Attorneys on your side.

A copy of the Newsletter of World Law Group and the website www.worldlawdebtsettlement.com making this statement are attached as **Exhibit E** and incorporated herein.

78. These representations by the defendants to consumers are decidedly false. Consumers' very participation in the defendants' debt settlement program places consumers at far greater risk of being sued by their creditors because the defendants instruct consumers to stop paying their creditors and to pay the defendants instead. Many consumers who enroll in the defendants' debt settlement program are sued by their creditors as a direct result of their

participation in the defendants' program.

79. In solicitations and throughout the defendants' debt settlement program, the defendants and their agents further instruct customers that a local attorney will provide the consumers with legal advice regarding their debt situation, that the defendants' program will reduce harassing calls by consumers' creditors because consumers will purportedly be represented by legal counsel, that the defendants' attorneys will "handle everything" and will "be there" for the consumer, and that the defendants' attorneys will provide them with legal representation in the event they are sued. All of these representations are false.

D. The Operation of the Defendants' Debt Settlement Scheme

(1) *The Defendants' Debt Settlement Service Agreements*

80. If a consumer expresses an interest in the defendants' debt settlement services, an "enrollment specialist" sends the consumer a "Client Service Agreement" by e-mail, and the consumer is instructed to sign the agreement electronically and e-mail it back to the enrollment specialist. Consumers are urged to return the defendants' agreement as soon as possible and are not encouraged to review it before signing. In entering into the agreements, consumers often rely on the oral representations made to them by the defendants and their agents, as well as defendants' prior written solicitations and advertisements.

81. Since 2010, the defendants have used different names in their form debt settlement service agreements – alternatively using various "World Law" names, such as "World Law Group," "World Law Debt," "World Law Plan," and "World Law Processing," as well as "Orion Processing." However, the substantive language of the various agreements is essentially identical, and the fundamental operation of the defendants' program remains unchanged. A representative copy of the defendants' form "Client Service Agreement" is attached as **Exhibit F**

and incorporated herein.

82. The defendants' debt settlement service agreements specify that the defendants will provide "debt negotiations and settlement services on [the client's] behalf." Exh. F, *Client Service Agreement*, ¶ 6. The defendants' agreements further state that consumers "shall be assigned a **local** attorney, who is in good standing with the State Bar where CLIENT is located, that will provide CLIENT with appropriate legal advice throughout representation." Exh. F, *Client Service Agreement*, ¶ 7.

83. The defendants' agreements further provide that the "Attorney" will perform the debt settlement services specified under the agreements. For example, the agreement states:

Settlements: Attorney will engage in the debt settlement process early by sending a Notice of Representation with conditional 10 to 20% offer to creditors Attorney will not settle CLIENT's Claim without the approval of the CLIENT, who possesses the absolute right to accept or reject any settlement offer Attorney will inform the CLIENT of the amount, and the terms and conditions of all reasonable written settlement offers received

Exh. F, *Client Service Agreement*, ¶ 11.

84. The defendants' agreements state that "a division" of the "Law Firm" – namely, the "Law Firm's Processing Division," which the defendants identify as "World Law Processing" – will perform certain "processing duties" under the agreements, including "negotiating settlements." Specifically, a form debt settlement services agreement widely used by the defendants with North Carolina consumers provides:

Servicing Entity: Attorney will provide, through the Law Firm's Processing Division, certain non-legal processing duties required under this AGREEMENT, including certain client services, performing accounting, clerical work, and negotiating settlements. WORLD LAW DEBT'S processing division is WORLD LAW PROCESSING.

WORLD LAW PROCESSING provides certain **debt settlement services** for clients of WORLD LAW DEBT. The mailing address for WORLD LAW PROCESSING is P.O. Box 82641, Austin, TX, 78708-2641.

Exh. F, *Client Service Agreement*, ¶ 10. As set forth above, the name “World Law Processing” is a registered assumed name of defendant Orion.

(2) Consumers’ Payments Go to the Defendants’ Front Loaded Fees

85. When a consumer enters the defendants’ debt settlement program, the defendants require the consumer to provide the consumer’s bank account number and to authorize monthly electronic debits from the consumer’s bank account by means of an automatic bank draft. The amount of the consumer’s monthly payment is determined by the amount of debt that the consumer enrolls into the defendants’ debt settlement program. North Carolina consumers’ monthly payments into the defendants’ debt settlement program range from a low of approximately \$95.00 per month to a high of \$3,500.00 per month, with most consumers’ payments ranging between \$350.00 to \$575.00 per month.

86. When consumers enroll in the defendants’ program, the defendants and their agents instruct consumers to: **(a)** stop communicating with their creditors and let the defendants handle all creditor communications; and **(b)** stop paying their creditors directly, and to pay into the defendants’ program instead. The defendants represent that these steps will get consumers out of debt faster, by enabling consumers to accumulate money in a “savings account” from which the defendants will pay off consumers’ creditors, once the defendants negotiate reduced settlements with consumers’ creditors.

87. Consumers’ monthly payments are withdrawn from consumers’ bank accounts by defendant Global. As a third party payment processor, Global essentially acts as an escrow agent. Global places the funds debited from consumers’ personal bank accounts into a

“dedicated” or “special purpose” account in the consumer’s name at a third-party bank. If and when the defendants reach a settlement with a consumer’s creditor, settlement payments are disbursed by defendant Global to the creditor from the consumer’s savings account per the defendants’ instructions.

88. Under their debt settlement service agreements with consumers, the defendants are authorized to collect the vast majority of their fees from consumers **before** the defendants negotiate or obtain **any** settlements with consumers’ creditors. Thus, when Global debits consumers’ monthly payments from consumers’ personal bank accounts, Global immediately disburses the defendants’ fees to the defendants. The defendants’ collection of advance fees for their debt settlement program is illegal under North Carolina’s Debt Adjusting Act, N.C. Gen. Stat. § 14-423.

89. The defendants charge consumers grossly exorbitant fees for their debt settlement services. The defendants’ fees range from approximately **20% of the consumer’s unsecured debt to as high as 39% of the consumer’s unsecured debt**. Thus, in a typical example, a consumer who submitted a complaint to the Attorney General had approximately \$26,600 in credit card debt. The defendants’ fees for their services totaled more than \$8,000, which represented 29% of the consumer’s credit card debt.

90. The defendants’ myriad charges for their debt settlement program include the following: **(a)** a “one time Attorney Initial Fee” of \$199.00; **(b)** a so-called “Bundled Legal Services Fee,” which is based on the amount of the consumer’s debt and monthly payment and is deemed “earned” by the defendants within the first 30 to 60 days after the consumer’s enrollment, even though virtually no consumer debts are settled in that timeframe; **(c)** a “Debt Settlement Legal Fee,” which is represented to be a “flat fee for prorated debt settlement legal

services”; and (d) an ongoing “monthly attorney evaluation fee” of \$84.95. Consumers also are required to pay a monthly bank service fee of \$9.45 which is paid to defendant Global.

91. All of the above fees charged by the defendants to consumers, including the “bundled legal service fee,” the “one time Attorney initial fee,” the “debt settlement legal fee,” and the “monthly attorney evaluation fee” are disbursed directly by Global to defendant Orion, which then authorizes fee-splitting with affiliates and third parties, including marketing companies that enroll consumers into the defendants’ debt settlement program.

92. When the defendants and their agents enroll customers into the defendants’ debt settlement program, they rarely, if ever, fully describe the defendants’ fees to consumers, nor do they explain to consumers that the defendants collect a large portion of their fees in advance before the defendants engage in any negotiations with consumers’ creditors and before any settlements are reached.

93. As a result of the defendants’ punitive, illegal, and front-loaded fee collection scheme, most consumers’ participation in the debt settlement programs is doomed to failure at the outset. Typically, no substantial funds are accumulated in consumers’ “savings accounts” with defendant Global to pay creditors for at least one to two years after consumers’ enrollment. During this time, due to the defendants’ nonpayment and their failure to settle with consumers’ creditors, consumers’ credit card accounts continue to accrue unpaid interest and fees, which causes consumers’ debts to soar.

94. Based on account records obtained by the Attorney General from Global, from October 2010 through February 2013 (the latest date for which the Attorney General has analyzed records) **at least 813 North Carolina consumers have paid more than \$4,105,681.34 into the defendants’ debt settlement program** for settlement of their debts. Of this amount,

the defendants had already appropriated more than \$2,643,341.24 for themselves as their fees, accounting for more than 64% percent of North Carolina consumers' payments. Further, of this amount, only \$527,328.04 (less than 13 percent of consumers' funds) had actually been disbursed to consumers' creditors as settlement payments. *See Affidavit of Michael Ramaikas, attached as Exhibit 10 to Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction.*

(3) *The Defendants' "Notices of Attorney Representation" Are False, As Consumers Are Not Represented by Attorneys for Debt Settlement Purposes, and Three of the Listed Attorneys, Including the Purported Signatory "Mike Campbell," Have No Involvement with Defendants' Debt Settlement Program*

95. After consumers enroll in the defendants' debt settlement program, the defendants, through defendant Orion's employees, send a "Notice of Attorney Representation" letter to each creditor or creditors' legal counsel regarding each credit card account the consumer has included in the program. In the letter, the defendants hold themselves out as attorneys representing the consumer for purposes of negotiating a settlement on the account. The defendants instruct creditors or creditors' legal counsel to contact them instead of the consumer "clients," and threaten to take legal action under the federal Fair Debt Collection Practices Act if consumers are contacted by a debt collector or attorney.

96. The defendants' "Notice of Attorney Representation" letter states:

We are attorneys Mike Campbell, Tracy Parsons, Robert Coto and Bradley Haskins, and we are affiliated with the World Law Group. We hereby give notice that the above-named client has contracted with the attorneys of our firm to negotiate a full and complete resolution on the client's current account

If you or any of your agents are a debt collector or attorney, pursuant to the Fair Debt Collection Practices Act (FDCPA or "the Act") this is a notice to please not contact our client further. If after receipt of this letter, or any other notice of our representation, you continue to contact our client, we are instructed to pursue

remedies available under the Act and other relevant laws, including but not limited to \$1,000.00 for code violation fees along with attorney fees and costs

If you are an original issuer, as defined by the Act, we are formally requesting that you contact our offices regarding this matter Please contact us directly with your response.

The letter is on letterhead of “World Law Group” and purports to be signed by a “Mike Campbell,” who is listed as “Attorney at Law.” A copy of a recent form letter sent by the defendants on behalf of a North Carolina consumer to the consumer’s creditors, is attached as **Exhibit G** and incorporated herein.

97. Recently, the defendants – through defendant Orion’s employees – have begun issuing “Notice of Attorney Representation” letters that bear the name “World Law South” on the letterhead. These letters are virtually identical to the prior “World Law Group” “Notice of Attorney Representation” letters, except the letters do not list attorney Tracy Parsons. A copy of a recent form letter sent by the defendants on defendant World Law South’s letterhead is attached as **Exhibit H** and incorporated herein.

98. The defendants’ “Notice of Attorney Representation” letter is a form letter, and the defendants have sent out a substantially identical letter on behalf of almost every North Carolina consumer regarding each credit card account the consumer has included in the defendants’ program. As many consumers include at least four or five credit card debts in their debt settlement program, the defendants have issued “Notice of Attorney Representation” letters thousands of times on behalf of North Carolina consumers, and have thus represented thousands of times that they are attorneys for, and represent, North Carolina consumers for settlement of their debts.

99. The representations in the defendants' "Notice of Attorney Representation" letter are false and misleading. As set forth above, contrary to the defendants' representations, there is no known law firm or legal entity affiliated with the defendants named "World Law Group," and defendant World Law South is not a law firm, but is instead a corporation which cannot practice law in this State. See Affidavit of Timothy Batchelor attached as **Exhibit I** and incorporated herein.

100. None of the persons identified as attorneys representing consumers and "affiliated" with either World Law Group or World Law South in Exhibits G and H are licensed to practice law in North Carolina. Upon information and belief,

i. There is no attorney by the name of "Mike Campbell" affiliated with the defendants' debt settlement program. There is a California-licensed attorney by the name of Mike Campbell who did in fact perform contract work for a brief period for defendant Haskins that included several research projects. However, Mr. Campbell **(a)** is not licensed as an attorney in North Carolina; **(b)** has never represented North Carolina consumers for purposes of debt settlement; and **(c)** has never spoken or communicated with any North Carolina consumer or any North Carolina consumer's creditors regarding debt settlement.

ii. The attorneys Tracy Parsons and Robert Coto are likewise not affiliated with the defendants. Ms. Parsons is an attorney licensed in Texas, and Mr. Coto is an attorney licensed in Michigan. Similar to Mr. Campbell, Ms. Parsons and Mr. Coto performed several projects for defendant Haskins for a brief period; however, they were never involved in the defendants' debt settlement program. Ms. Parsons and Mr. Coto are **(a)** not licensed to practice law in North Carolina; **(b)** have never represented North

Carolina consumers for purposes of debt settlement; and (c) have never spoken or communicated with any North Carolina consumer or any North Carolina consumer's creditors regarding debt settlement. The *Affidavit of Tracy Lynn Parsons* is attached as **Exhibit J** and incorporated herein.

iii. The only remaining attorney identified in the "Notice of Attorney Representation" is defendant Haskins. Upon information and belief, the defendants' "Notice of Attorney Representation" letter was prepared by defendant Haskins or at his direction.

101. In some "Notice of Attorney Representation" letters, the defendants have listed the names of North Carolina-licensed attorneys as a "cc" on the letters without the consent or knowledge of the named North Carolina attorneys in a fraudulent attempt to mislead consumers and creditors into believing that a local attorney is involved and is representing the consumer.

102. In a letter written to the Attorney General's Office dated May 16, 2011, in response to a North Carolina consumer's complaint received by the Attorney General about the defendants' debt settlement practices, defendant Orion's Chief Operations Officer Dave Klein, writing on letterhead reading "World Law Group," contended that the North Carolina consumer had "*agreed to the representation by our attorneys.*" Mr. Klein further asserted that their "attorneys'" representation was evidenced by copies of twelve "Notice of Attorney Representation" letters (as the consumer had submitted twelve credit card accounts into the program), which Mr. Klein attached to the response. The "Notice of Attorney Representation" letters, which were identical, except for the listed creditor and account information, all listed the name of an attorney, a Richard B. Sorrell, as a "cc" on the letters and, after Mr. Sorrell's name, stated "North Carolina."

103. Mr. Sorrell is licensed as an attorney in North Carolina. However, upon being contacted by the State Bar, Mr. Sorrell attested that he had never heard of the defendants; never worked with the defendants or any entity with “World Law” in its name; never represented the named consumer; never been contacted by the defendants or by any entity with “World Law” in its name; and never authorized the defendants or any entity with “World Law” in its name to use his name in the letters or in any manner. A copy of Mr. Klein’s letter to the Attorney General’s Office; one of the defendants’ purported “Notice of Attorney Representation” letters containing Mr. Sorrell’s name; and Mr. Sorrell’s affidavit³ attesting to the defendants’ use of his name without his knowledge or consent; are attached as **Exhibit K** and incorporated herein.

104. Since 2010, the address listed for the purported “law firm” “World Law Group” on almost all “Notice of Attorney Representation” letters and other correspondence sent to consumers’ creditors, creditors’ legal counsel, and consumers is either 2201 Donley Drive, Suite 250, Austin, TX 78758 or P.O. Box 82641, Austin, TX 78708. These two addresses, with few exceptions, are the sole addresses provided by the defendants to consumers, creditors, and creditors’ legal counsel for “World Law Group.” The Donley Drive address is the former office address of defendant Orion, and all mail bearing this address is forwarded to defendant Orion’s current physical address at 9011 Mountain Ridge Drive, Austin, Texas. Records of the U.S. Postal Service show that Post Office Box 82641 in Austin, Texas is rented by defendant Orion. Thus, virtually all mail addressed or intended for the so-called “law firm” “World Law Group” – including mail from consumers, consumers’ creditors, and creditors’ legal counsel – is delivered or forwarded directly to defendant Orion at 9011 Mountain Ridge Drive, Austin, Texas.

³ Mr. Sorrell’s original affidavit is attached as Exhibit E to the plaintiffs’ *Complaint*.

(4) *The Defendants Typically Cannot Negotiate Settlements, and All Contact with Consumers is Directed Towards Urging Consumers to Continue Paying*

105. After consumers enroll in the defendants' debt settlement program, defendant Orion's employees – representing that they are “legal assistants” – make regular contact with consumers to lead consumers to believe the defendants are working with consumers' creditors to settle their debts and to induce consumers to remain in the program. Within a week of a consumer's enrollment, employees of defendant Orion conduct both a “Welcome Call” and a “Compliance Call” to welcome the consumer and further sell the consumer on the program.

106. Following the “Welcome Call” and “Compliance Call” to new enrollees, defendant Orion requires its employees to contact every consumer by e-mail and by telephone every thirty days, preferably at least seven days prior to the consumer's next scheduled monthly payment. In these monthly calls to consumers, which are followed by e-mails, defendant Orion's employees are directed to assure worried consumers that they are “legal assistants;” that “World Law” is working on their behalf; that their debts are being negotiated and settled; that consumers will get out of debt; not to worry about creditor calls; and to instruct consumers to forward all creditor communications to them. Defendant Orion's employees also ask consumers during these calls whether the consumer plans to make the next scheduled payment, and, if not, to make arrangements for that payment. The defendants also periodically send consumers “newsletters” by e-mail, which further tout their debt settlement program.

107. The defendants typically do not provide consumers with periodic reports or other information about the defendants' communications with consumers' creditors, other than sending consumers a copies of the form “Notice of Attorney Representation” letters sent to consumers' creditors. Instead, after consumers enroll in the defendants' program, consumers often find it difficult to obtain information about the status of settlement activities.

108. Notwithstanding the defendants' written request in their "Notice of Attorney Representation" to creditors and creditors' legal counsel to contact the defendants regarding settling consumers' debts, the defendants rarely return creditors' or creditors' legal counsel's phone calls, and usually do not and cannot negotiate settlements on behalf of consumers; this is particularly true in the first year or more that consumers are in the defendants' program, as consumers have no little to no funds in their accounts with which to settle with creditors. Creditors' attorneys in North Carolina attest that the defendants almost never engage in settlement negotiations with consumers' creditors. Further, some creditors refuse to work with debt settlement providers and refused to work with the defendants to settle debts.

109. Despite leading consumers to believe that their debt settlement program is "attorney-based," there are no attorneys employed or affiliated with the defendants who conduct debt settlement negotiations on behalf of consumers, review their debt situation, consult with consumers, or perform any other services. Instead, the few debt settlement negotiations that are performed are almost exclusively conducted by non-attorney employees of defendant Orion.

110. Despite the defendants' claims that they are a "law firm" with "local attorneys," the defendants do not employ any North Carolina-licensed attorneys who assess North Carolina consumers' debt situation, conduct debt settlement negotiations, or otherwise represent or perform services on behalf of any North Carolina consumers. Upon information and belief, no North Carolina consumer has ever talked with or communicated with a North Carolina licensed attorney affiliated with the defendants, and the defendants do not provide North Carolina consumers with the name of any North Carolina licensed attorney who is affiliated with the defendants who will perform services on behalf of the consumer. .

(5) The Defendants' Fraudulent Litigation Activities and Sham Legal Representation of Consumers Constitutes the Unauthorized Practice of Law and Causes Consumers Even Greater Harm

111. When consumers enroll in the defendants' debt settlement program, they are promised a way to pay their creditors and reduce their debts while avoiding bankruptcy and being sued by their creditors. At the time of their enrollment in the defendants' debt settlement program, very few North Carolina consumers, if any, have been sued by their creditors on the debts they submit into the defendants' program. However, within a short time after enrolling in defendants' program, many North Carolina consumers have been sued by their creditors.

112. For most consumers in the defendants' debt settlement program, the creditors' lawsuits come as a surprise because they were led by the defendants to believe that the defendants would settle and resolve their debts with their creditors, and because many of the consumers have never been sued over debts prior to joining the defendants' debt settlement program. At this juncture, many consumers, who are already financially distressed, are scared because they know nothing about the litigation process.

113. When consumers contact the defendants to report that they have been sued, the defendants reassure them that they are "attorneys," and tell the consumers that they have handled "hundreds" or "thousands" of similar cases successfully. The defendants urge consumers to send them copies of creditors' lawsuits, and tell them they will provide them with legal assistance that will enable the consumers to prevail against their creditors or cause creditors to dismiss the suits.

114. The defendants then prepare answers and other pleadings that the defendants provide to the consumers by e-mail, fax, or mail with instructions to sign and file the pleadings with the court *pro se*. The answers and other pleadings prepared and provided by defendants are virtually identical in every case, regardless of each consumer's individual circumstances.

Among the pleadings the defendants have prepared and sent to North Carolina consumers are answers, responses to discovery, and affidavits in reply to plaintiff-creditors' motions for summary judgment. The pleadings often attest, falsely, that they were prepared by the consumer.

115. These pleadings and documents prepared by the defendants on behalf of North Carolina consumers assert false statements of fact, and assert patently frivolous defenses and claims which have no evidentiary or factual basis. For example, in virtually every single answer, the defendants attest that their consumer-clients "never opened or used the [credit card] account" at issue; that "there is no valid credit card agreement" between the consumer and the creditor; that the consumer "never received demand for payment" from the creditor; and that the consumer "never paid" on the credit card. *See Affidavit of Attorney Michael B. Stein*, attached as Exhibit 9 to *Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction*. Each of these representations in every answer is false, and the defendants know them to be false.

116. The defendants have caused these answers and pleadings to be filed in *hundreds* of cases brought by creditors against consumers in North Carolina courts.

117. Upon information and belief, these answers and other court pleadings provided to consumers for *pro se* filing are prepared by defendants from form pleadings originally prepared by defendant Haskins or by others working with and at the direction of defendant Haskins. To the extent that the forms are modified for use by any consumer, the modifications are made by contract employees working with defendant Haskins or employees at defendant Orion. None of the pleadings have been prepared by an active member of the North Carolina State Bar.

118. In some instances, the defendants' employees or agents have signed consumers' signatures on legal pleadings, including on motions for continuance, and then sent the pleadings to opposing counsel representing consumers' creditors.

119. The answers prepared by the defendants on behalf of consumers are belied by the very information that the defendants require at the time of consumers' enrollment in the defendants' debt settlement program, and, therefore, that the defendants have readily in hand. Specifically, at the time of consumers' enrollment in the defendants' debt settlement program, the defendants require that consumers provide an itemized listing of each of the consumer's credit card debts that the consumer is submitting into the program, including each creditor; credit card number; the amount of each debt; copies of credit card statements which show the card number, amounts owed, and amounts paid; and any correspondence from consumers' creditors. *Accordingly, all documentation and information in the defendants' possession regarding the consumer's debts – which is requested by the defendants from consumers at the outset – is directly contrary to the legal answers prepared by the defendants on behalf of consumers and which are filed in North Carolina courts.*

120. In addition to the preparation of false pleadings, the defendants have provided unknowledgeable consumers with harmful and ineffectual legal advice, including expressly instructing North Carolina consumers to appear at court hearings and assert frivolous defenses, such as that consumers' creditors (which are largely credit card banks) have been sued or are being investigated for "robosigning;" and that creditors' local North Carolina counsel "are under investigation by federal authorities" for alleged "robosigning," which is false.

121. When consumers appear at court proceedings at the instruction of the defendants, the consumers are often surprised and disappointed to find that no one from what they understand to be the "law firm" of "World Law Group" is in court to represent them. Additionally, the consumers often do not understand the substance of the documents prepared by the defendants, and, therefore, upon questioning by the court, the consumers readily concede that

many of the assertions made by the defendants in the documents are untrue.

122. The defendants' illegal conduct materially subverts the judicial process and causes financially distressed consumers even greater harm. As an example, in an action filed by Citibank against a North Carolina consumer, in an order issued on April 25, 2013, District Court Judge Meredith Shuford of Cleveland County took judicial notice of court filings throughout North Carolina in numerous collections actions and found, among other findings, that: (a) the consumer-defendant's pleadings were identical to the filings in many other cases; (b) the consumer-defendants in those actions had "all retained the same out-of-state debt settlement company, World Law Group a/k/a World Law Direct a/k/a World Law Processing ('World Law'), which drafted the Answers for the defendants," as well as the responses to discovery and other pleadings; and (c) the consumer-defendant's pleadings were "filed in bad faith" and "were interposed for an improper purpose; namely, to cause unnecessary delay and the needless increase in the costs of this straightforward credit card collection case." As a result, the Court sanctioned the consumer, ordering the consumer to pay Citibank an additional \$500.00 in sanctions in addition to costs and attorney's fees awarded with the judgment. *See Order Granting Plaintiff's Motion for Sanctions*, attached as **Exhibit L** and incorporated herein.

123. The defendants' debt settlement scheme does not cease with their preparation of false and ineffectual pleadings on behalf of consumers that they cause to be filed in courts throughout North Carolina. Beginning in or about 2012, the defendants have strived to further prolong creditors' litigation against consumers (and thereby increasing the amount of unlawful fees they collect from consumers) by transmitting a "Notice to Invoke Federal Arbitration" to creditors' counsel or the court, or by instructing consumers to orally request arbitration, usually before the American Arbitration Association ("AAA"). The defendants directly, or through

consumers, typically submit the demand a day or two before a court hearing on a creditor's motion for summary judgment, or direct the consumer to orally assert the demand in open court at the summary judgment hearing. In most instances, these arbitration requests by the defendants on behalf of consumers come months or even a year or more after the creditor has filed suit and after the defendants, on behalf of consumers, have participated in the suit. See *Affidavit of Attorney Michael B. Stein*, attached as Exhibit 9 to *Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction*.

124. Ironically, at this juncture, the defendants, on behalf of or through consumers, assert that it is consumers' credit card agreements that provide for arbitration – the very existence of which the defendants expressly denied in the answers they prepared for consumers.

125. In subsequent arbitration proceedings, the defendants continue with their sham representation of consumers, and submit unsigned form pleadings and briefs before AAA that have little basis in fact or in law. Among other claims and defenses asserted in arbitration on behalf of consumers, the defendants have asserted claims against creditors and creditors' attorneys for breach of the credit card contract and violations of the federal Fair Debt Collection Practices Act, all of which are contrary to the defenses asserted in consumers' answers, which were prepared by the defendants on consumers' behalf.

126. Upon information and belief, in no instance where the defendants have purported to represent or assist North Carolina consumers in arbitration proceedings have the filings, briefs, or other submissions been prepared by a member of the North Carolina Bar. The defendants' filings with AAA often identify defendant Haskins as representing the consumers.

127. In each and every case where creditors have continued with collections litigation against North Carolina consumers in the defendants' debt settlement program, courts and

arbitrators have universally entered judgments and awards sharply adverse to the consumers, finding that the consumers' debts were incurred and are owed. Finding that consumers' claims and defenses were meritless, courts and arbitrators in some instances have sanctioned consumers or entered awards requiring consumers to pay administrative fees and the arbitrator's fees, causing distressed consumers even greater financial harm.

128. In summary, the vast majority of consumers who enroll in the defendants' program have little understanding of the legal process, and none of arbitration proceedings. The defendants induce consumers to remain in the defendants' unlawful debt settlement program and continue making their payments by leading consumers to believe that the defendants are attorneys and that the "law firm" "World Law" will successfully represent them. Defendants instead prepare pleadings for consumers to file *pro se* and advise consumers that these pleadings will enable them to prevail in litigation brought by their creditors. Once it appears that a creditor will prevail in the suit, the defendants advise consumers to demand arbitration, representing that "World Law" will enable them to prevail in arbitration proceedings. These actions by the defendants further deprive distressed consumers of opportunities to seek meaningful debt relief, such as filing for bankruptcy, and deprive them of funds that could be used to pay their debts.

(6) *Most Consumers Eventually Cancel and Lose Most of the Funds They Paid*

129. Ultimately, because the defendants fail to render any beneficial services to consumers, most consumers eventually drop out of the defendants' debt settlement program. With few exceptions, when consumers terminate their debt settlement program, the defendants refuse to provide consumers with refunds of the advance fees the defendants have collected.

130. The defendants fail to adequately disclose to consumers, either orally and/or in their contracts with consumers, the following material facts regarding their debt settlement

program: **(a)** the vast majority of the consumer's initial payments will be paid to the defendants as the defendants' fees; **(b)** due to the defendants' fees, consumers must pay into the defendants' program for a long period – typically at least a year or more – before sufficient funds will accumulate in the consumer's account to offer meaningful settlements to creditors; **(c)** most creditors will be paid nothing for at least a year or more, if anything is paid at all; **(d)** consumers are at significantly greater risk of being sued by their creditors after joining the defendants' debt settlement program; **(e)** the defendants settle few consumers' debts; **(f)** if consumers are sued by their creditors, the defendants' purported legal representation and assistance will be of little or no benefit, and judgments and awards will almost certainly be entered against the consumers; **(g)** most consumers eventually cancel the defendants' debt settlement program because they realize no benefit from the program; and **(h)** when consumers cancel the defendants' program, consumers often lose most, if not all, of the money they paid as the defendants appropriate their funds as fees.

(7) *The Experience of North Carolina Consumer Eva Wamagata*

131. The experience of consumer Eva Wamagata, a resident of Carrboro, North Carolina, is very typical of customers of the defendants. *See Affidavit of Eva Wamagata*, attached as Exhibit 1 to *Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction*. Ms. Wamagata incurred debts in an effort to start her own business which ultimately failed, and she then enrolled in nursing school. In 2011, while watching a televangelist television show, she saw a commercial for a company called Christian Debt Counselors that stated it helped consumers get out of debt and avoid bankruptcy. When Ms. Wamagata called the advertised telephone number, she was told that her debt (which was approximately \$17,444.00) was too high for their program, but she was given the telephone number for “World

Law” and advised to call them.

132. Ms. Wamagata called the number and reached an enrollment specialist who told her that “World Law” provided “attorney-backed debt settlement solutions.” The representative told Ms. Wamagata that she would be assigned to a North Carolina licensed attorney who would negotiate settlements with her creditors for substantially reduced amounts, which would save her a lot of money and reduce her monthly payments to her creditors. The representative assured Ms. Wamagata that “World Law” would begin negotiating with her creditors “right away,” she did not need worry about anything, and that she would be debt-free in 42 months.

133. Assured by the representative that “World Law’s” attorneys were experts in debt relief and that she would soon be debt-free, Ms. Wamagata signed up and beginning in September 2011 paid \$332.67 into the defendants’ program each month. Shortly afterwards, Ms. Wamagata’s creditors began calling her. Ms. Wamagata repeatedly called “World Law” after receiving these calls, and each time an employee of defendant Orion – who represented that they were with “World Law” or “World Law Group” – would instruct her not to communicate with her creditors, that she needed to continue making her payments, and that “World Law” would “handle the rest.”

134. In May 2012, Ms. Wamagata was sued by Citibank for the amount of \$11,840.00. Extremely worried, Ms. Wamagata called the number provided for “World Law” and reached defendant Orion’s call center employees, and she was instructed by them to send them a copy of the complaint. A person identifying herself as a “legal assistant” for “World Law” – again, in reality, an employee of defendant Orion – instructed Ms. Wamagata that the summons would be given to an attorney, but Ms. Wamagata was never provided with the purported attorney’s name. The “legal assistant” informed Ms. Wamagata that an attorney would call her before her court

date to advise her. Despite Ms. Wamagata's repeated attempts to contact "World Law," no attorney or anyone else ever contacted her and a default judgment was entered against her on July 6, 2012.

135. When Ms. Wamagata received the default judgment, she did not understand it and contacted the defendants for assistance. Two months after the entry of the default judgment, in September 2012, employees of defendant Orion – identifying themselves as being with the "litigation department" of "World Law" – e-mailed Ms. Wamagata an "Answer" to the Complaint, as well as a "Motion to Set Aside Default Judgment," which defendant Orion's employees instructed her to file with the court. On the night before her court appearance, Ms. Wamagata was contacted by a man named "Greg" who claimed that he was an "attorney" with "World Law" and was licensed in Texas, but he did not provide his last name. "Greg" told Ms. Wamagata to tell the court that she "did not have a Citibank credit card" and that the company had "misstated its place of business as North Dakota instead of South Dakota." Ms. Wamagata asked "Greg" why an attorney would not go to court with her, but "Greg" instructed her that she "did not need one" and that "having an attorney would make [her] creditors think [she] had a lot of money and was just refusing to pay what [she] owed." After appearing in court the next day, the court denied Ms. Wamagata's motion. Feeling betrayed, Ms. Wamagata tried several times to reach "Greg" after she got home, but her calls were never returned.

136. Over the course of ten months, Ms. Wamagata paid the defendants ten monthly payments totaling \$3,326.70 to settle her debts. The defendants settled none of her debts. With no debts settled and a default judgment entered against her, Ms. Wamagata cancelled the program in November 2012 and received a refund of a mere \$168.70 from Global, which was all that remained in her account after the defendants' collection of their front-loaded fees.

137. Hundreds of North Carolina consumers have had similar experiences as Ms. Wamagata. The affidavits of eight North Carolina consumer victims of the World Law defendants, namely, James Adams, Frank Allen, Betty Lowder, Larry Norvell, Rebecca Szalaj, Gloria Tate-Keith, and Eva Wamagata, are attached as exhibits to the *Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction*, together with the affidavit of attorney Michael Stein; and the affidavits of paralegal Carol Jackson, consumer specialist David Evers, and investigator Michael Ramaikas, all with the North Carolina Attorney General's Office; all of which are incorporated herein.

138. The Attorney General issued a notice to the defendants on April 19, 2011, demanding that the defendants cease and desist from unlawful debt settlement activities in North Carolina.⁴ The State Bar issued a cease and desist letter to the defendants on May 7, 2012, demanding that "World Law" cease and desist from the unauthorized practice of law in North Carolina.⁵ Copies of the Attorney General's and State Bar's cease and desist letters to the defendants are attached as **Exhibit M**. Notwithstanding these notices, the defendants failed to meaningfully respond and have continued their unlawful activities unabated in this State.

VI. CLAIMS FOR RELIEF

COUNT I: **VIOLATIONS OF THE NORTH CAROLINA DEBT ADJUSTING,** **N.C. GEN. STAT. § 14-423, et seq.**

139. The plaintiffs reallege and incorporate herein the allegations of Paragraphs 1 through 137 above.

⁴ The Attorney General's letter was addressed to the attention of Randy Lepley, of "World Law Group," at the address of defendant Orion, P.O. Box 82641, Austin, TX 78708.

⁵ The State Bar's letter was addressed to the attention of defendant Haskins, at the address of 110 Wall Street, Suite 1100, New York, NY 10005.

140. The defendants are engaged in illegal “debt adjusting” services as that term is defined in Article 56 of Chapter 14 of the North Carolina General Statutes. Specifically, N.C. Gen. Stat. § 14-423(2) defines “debt adjusting” in pertinent part:

Debt adjusting also includes the business or practice of debt settlement . . . whereby any person holds himself or herself out as acting for consideration as an intermediary between a debtor and the debtor’s creditors for the purpose of reducing, settling, or altering the terms of the payment of any debt of the debtor, whether or not the person distributes the debtor’s funds or property among the creditors, and receives a fee or other consideration for reducing, settling, or altering the terms of the payment of the debt in advance of the debt settlement having been completed or in advance of all the services agreed to having been rendered in full.

141. The activity of “debt adjusting” is prohibited by N.C. Gen. Stat. § 14-424, which provides that “[i]f any person shall engage in, or offer to or attempt to, engage in the business or practice of debt adjusting, or if any person shall hereafter act, offer to act, or attempt to act as a debt adjuster, he shall be guilty of a Class 2 misdemeanor.”

142. The defendants’ offering and purported rendering of debt settlement services to North Carolina consumers is in direct violation of North Carolina’s debt adjusting statute. The defendants have engaged, and are engaging in, a business or practice in which the defendants hold themselves out as acting or offering or attempting to act, for consideration, as an intermediary between North Carolina consumer debtors and their creditors for the purpose of reducing, settling, or altering the terms of payment of North Carolina debtors’ debts, and the defendants receive advance fees from consumers under the pretext and representation that they will provide such debt settlement services.

143. N.C. Gen. Stat. § 14-426 provides for certain, limited exemptions to the statute, including an exemption for attorneys that are “licensed to practice in this State who [are] not employed by a debt adjuster.” The defendants do not qualify for this exemption or any other

statutory exemption, as the defendants are not licensed to practice law in this State; and the debt settlement services, if performed, are performed by the defendants who are debt adjusters, and not by any North Carolina licensed attorney pursuant to a *bona fide* attorney-client relationship.

144. Pursuant to N.C. Gen. Stat. § 14-425, the Attorney General is entitled to injunctive relief to restrain the defendants from further violations of the law, to the refund of all fees unlawfully collected by the defendants from North Carolina debtors, and to the appointment of a receiver to assist in the recovery of funds unlawfully collected and held by the defendants.

COUNT II:
VIOLATIONS OF THE NORTH CAROLINA UNFAIR
AND DECEPTIVE PRACTICES ACT,
N.C. GEN. STAT. § 75-1.1

145. The plaintiffs reallege and incorporate herein the allegations of Paragraphs 1 through 143 above.

146. In the course of soliciting and promoting their debt settlement services to North Carolina consumers, in entering into agreements with North Carolina consumers to provide such purported services, and in failing to meaningfully perform such services, the defendants have engaged in unfair and deceptive acts and practices in trade or commerce in violation of N.C. Gen. Stat. § 75-1.1.

147. The defendants are engaged in trade or commerce in this State and are not exempt as attorneys from the coverage of N.C. Gen. Stat. § 75-1.1 because the defendants are not licensed to practice law in North Carolina; the defendants are engaging in an unlawful business activity expressly prohibited in this State; and the defendants do not operate as a *bona fide* law firm but are instead an unlawful debt adjusting enterprise.

148. The defendants' unfair or deceptive acts and practices include, but are not limited

to, the following:

- i.** Engaging in debt adjusting activities, as set forth above, which are specifically prohibited by North Carolina law;
- ii.** Making deceptive and misleading representations to consumers, including but not limited to the following acts and practices by the defendants:

 - a)** Using solicitations to lead consumers to believe that the defendants' debt settlement program is affiliated with a government program, including misleading references to participation in the "2010 U.S. Federal Stimulus Package";
 - b)** Falsely representing that the defendants' debt settlement program is highly successful, that the defendants will reduce consumers' unsecured debts by more than 50 percent, and that consumers will be able to avoid bankruptcy through the defendants' program, when, in actuality, the defendants do not settle most consumers' debts, most consumers' debts are not reduced, very few consumers successfully complete the defendants' program, and the defendants' program usually fails, causing some consumers to file for bankruptcy;
 - c)** Representing that the defendants' debt settlement program is consumers' best option for debt relief; when, in reality, other options, such as credit counseling and bankruptcy, are far more reliable and suitable for consumers;
 - d)** Representing that the defendants have special expertise in debt negotiations and settlement, when the defendants have no such special expertise, and consumers are more likely to obtain reduced settlements with their creditors

through their own efforts than through the defendants' efforts, if any;

e) Representing to consumers that the defendants will provide a "local attorney" and that they will provide "legal advice" to consumers pertaining to debt collection or debt settlement, when, in fact, the defendants are not licensed to practice law in North Carolina, the defendants do not provide meaningful legal advice to consumers pertaining to debt collection or debt settlement, and when such advice is rendered, it is ineffectual and harmful; and the defendants have no North Carolina-licensed attorneys and do not provide the services of a local attorney;

f) Representing that the defendants will promptly begin contacting and negotiating with consumers' creditors shortly after consumers enroll in defendants' debt settlement program; when, in fact, the defendants typically do not negotiate with consumers' creditors until consumers have been in the defendants' program for many months, if at all;

g) Failing to adequately disclose to consumers the amount of the defendants' fee and that the defendants collect a substantial portion of their fees in advance, leaving consumers with minimal funds with which to settle with creditors;

h) Representing to consumers that the defendants will keep consumers informed of defendants' actions on consumers' behalf and representing that the defendants are available to respond to consumers' inquiries, when, in fact, the defendants typically do not provide consumers with information about the defendants' actions;

i) Failing to inform consumers that some creditors refuse to negotiate with the defendants or refuse to negotiate with debt settlement providers;

j) Falsely representing that consumers' participation in the defendants' debt settlement program will deter creditors from bringing collections actions against them;

k) Failing to inform consumers that they face a substantially higher degree of risk of being sued by their creditors as a direct result of their participation in the defendants' debt settlement program due to the defendants' instructions to consumers to cease making payments to their creditors;

l) Falsely representing that legal pleadings prepared by the defendants and sent to consumers to file *pro se* will benefit consumers and will enable consumers to prevail in legal actions brought against them by their creditors, when such pleadings are false and ineffectual;

m) Falsely representing to consumers that the arbitration of creditors' collections actions will be beneficial to consumers, and that the defendants will meaningfully and competently represent them in such arbitration proceedings, when the defendants' representation is usually ineffectual;

n) Failing to inform consumers that, in the vast majority of instances, creditors have prevailed in collections actions brought against consumers who remain in the defendants' program, which may result in attorneys' fees, costs, administrative fees, and arbitrators' fees being assessed against consumers, in addition to judgments for the underlying debts; and

o) Failing to adequately inform consumers that their debts may

significantly increase as a direct result of their participation in the defendants' debt settlement program because of creditors' assessment of finance charges and other fees due to the defendants' instructions to consumers to cease making payments to their creditors.

iii. Offering and engaging in a debt settlement or debt adjusting program that, in substance, is grossly unfair and injurious to consumers, in that, among other things:

a) The defendants charge extraordinarily high fees for their purported debt relief services, which fees the defendants collect in advance of settling any debts, in violation of North Carolina law, N.C. Gen. Stat. § 14-423, *et seq.*, and in violation of the Telemarketing Sales Rule, 16 C.F.R. § 310.4, relating to debt relief services;

b) The defendants purport to be a law firm, or to provide services on behalf of a law firm, that will provide legal representation to consumers, and purport to provide legal advice for creditors' lawsuits, when none of the defendants nor the purported "World Law Group" are a law firm, and are not authorized to practice law in this State;

c) The defendants advise consumers to cease paying legal obligations to their creditors and to cease communicating with their creditors;

d) The defendants retain unlawful fees and fail to provide refunds to consumers even when the defendants have performed no useful services for such consumers; and

e) The defendants perpetrate a program that is substantially deleterious to the credit standing and the economic and legal standing of

consumers.

COUNT III
UNAUTHORIZED PRACTICE OF LAW,
N.C. GEN. STAT. §§ 84-4 and 84-5

149. The plaintiffs reallege and incorporate herein the allegations of Paragraphs 1 through 147 above.

150. N.C. Gen. Stat. § 84-2.1 identifies the giving of legal advice, such as advising consumers to file certain court pleadings or to seek arbitration, and the preparation or aiding in the preparation of legal documents for others, specifically including court pleadings, as the practice of law.

151. N.C. Gen. Stat. § 84-4 prohibits anyone, or any association of persons, other than an active member or members of the North Carolina State Bar from providing legal services for another party or from holding out to the public as able to provide legal services or the services of an attorney in North Carolina.

152. N.C. Gen. Stat. §84-5, prohibits any corporation, except a law firm organized as a professional corporation, from practicing law or holding itself out in any manner as being entitled or qualified to provide legal advice or legal services “by or through any person orally or by advertisement, letter or circular” in North Carolina. This statute also prohibits a corporation from providing an attorney or the services of an attorney for a corporation’s customers.

153. By engaging in the foregoing activities, the defendants have engaged in the practice of law in North Carolina in violation of N.C. Gen. Stat. §§ 84-2.1, 84-4, and 84-5 by:

i. Advertising and holding out to the public that the defendants and/or their officers, agents, and/or employees can and will provide legal services or lawyers for consumers in North Carolina who enrolled in the defendants’ debt settlement program;

ii. Advertising and holding out to the public that the defendants and the purported “World Law Group” are a law firm, and that they have attorneys authorized to practice law in North Carolina;

iii. Advertising and holding out to the public that World Law South, a North Carolina business corporation, is able to provide legal services in North Carolina;

iv. Representing that they are qualified and able to provide legal services, including but not limited to debtor-creditor services, to North Carolina consumers;

v. Entering into agreements with North Carolina consumers to provide legal services;

vi. Preparing or providing legal pleadings for use by their customers in North Carolina;

vii. Purporting to represent North Carolina consumers in arbitration proceedings; and

viii. Providing legal advice to its customers for use in North Carolina.

154. Pursuant to N.C. Gen. Stat. § 84-37(a) and (b), the North Carolina State Bar has the right to seek a preliminary and permanent injunction to restrain the commission or continuance of acts by defendants which constitute violations of the laws and statutes applicable to the unauthorized or unlawful practice of law.

COUNT IV CONSPIRACY

155. The plaintiffs reallege and incorporate herein the allegations of Paragraphs 1 through 153 above.

156. The defendants have engaged in an unlawful conspiracy in violation of North Carolina law, have committed wrongful acts in furtherance of that conspiracy, and have caused

injury to North Carolina consumers as a result of that conspiracy.

157. Two or more of the defendants have entered into at least the following agreements to commit unlawful acts or to commit lawful acts by unlawful means:

i. Defendants Scott, Orion, Swift Rock, and/or Haskins, themselves and/or through their affiliates and/or agents, shared an understanding, either expressed or implied, to enter into an agreement to develop a scheme to evade the ban on advance fees for debt relief services in the Telemarketing Sales Rule (“TSR”), 16 C.F.R. § 310.4, and similar state laws prohibiting or limiting advance fees for debt settlement services, including North Carolina’s Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*;

ii. Defendants Scott, Orion, Swift Rock, and/or Haskins, themselves and/or through their affiliates and/or agents, shared an understanding, either expressed or implied, to enter into an agreement to re-label defendant Orion’s debt settlement business with various permutations of the “World Law” name and thereafter to continue conducting an unlawful debt settlement business as if they were exempt from the TSR, 16 C.F.R. Part 310, and from state laws regulating debt settlement practices, including North Carolina’s Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*;

iii. Defendants Scott, Orion, Swift Rock, and/or Haskins, themselves and/or through their affiliates and/or agents, shared an understanding, either expressed or implied, to market and offer unlawful debt settlement services, including through false and deceptive solicitations, to distressed consumers in violation of North Carolina’s Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*, the Unfair and Deceptive Practices Act, N.C. Gen. Stat. §75-1.1, and the TSR, 16 C.F.R. Part 310;

iv. Defendants Scott, Orion, Swift Rock, and/or Haskins, themselves and/or

through their affiliates and/or agents, shared an understanding, either expressed or implied, that defendant Swift Rock would act as an internal marketing firm to market unlawful debt settlement services for defendant Orion, and, subsequently, defendants Scott, Orion, Swift Rock, and/or Haskins, themselves and/or through their affiliates and/or agents, agreed that the business functions of defendant Swift Rock would be transferred to defendant Orion;

v. Defendants Scott, Orion, Swift Rock, Haskins and/or World Law South, themselves and/or through their affiliates and/or agents, shared an understanding, either expressed or implied, to engage in unlawful debt settlement services, including through false and misleading representations to distressed consumers, in violation of North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*, the Unfair and Deceptive Practices Act, N.C. Gen. Stat. §75-1.1, and the TSR, 16 C.F.R. Part 310;

vi. Defendants Scott, Orion, Haskins, and/or World Law South, themselves and/or through their affiliates and/or agents, shared an understanding, either expressed or implied, to enter into an agreement to provide sham legal services, including the preparation of legal pleadings, the provision of legal advice, and arbitration representation services, to distressed consumers as means to induce consumers to remain in their illegal debt settlement program, and as a pretext to evade the Debt Adjusting Act's and the TSR's prohibition on advance fees;

vii. Defendants Scott, Orion, Haskins, and/or World Law South, themselves and/or through their affiliates and/or agents, shared an understanding, either expressed or implied, to enter into an agreement to share certain employees and resources in order to continue to offer unlawful debt settlement services and related legal services to distressed

consumers, and to collect illegal advance fees in violation of the Debt Adjusting Act and the TSR;

viii. Defendants Scott, Orion, Haskins, and/or World Law South, themselves and/or through their affiliates and/or agents shared an understanding, either expressed or implied, to enter into an agreement to create defendant World Law South in an effort to evade this Court's Preliminary Injunction Order and to continue offering, through defendant World Law South, debt settlement services, sham legal pleadings, legal advice, and arbitration representation services, in direct violation of the Court's Preliminary Injunction Order.

158. The defendants have committed at least the following overt acts in furtherance of the conspiracy:

i. Defendants Orion, Scott, Swift Rock, Haskins, and/or World Law South, themselves and/or through their affiliates and/or agents, have, directly or indirectly, created, provided, or secured the provision of, materially misleading and false solicitations and advertisements that have been used to solicit North Carolina consumers into their debt settlement program;

ii. Defendants Orion, Scott, Swift Rock, Haskins, and/or World Law South, themselves and/or through their affiliates and/or agents, have engaged in material and false representations to North Carolina consumers, consumers' creditors, creditors' legal counsel, and North Carolina courts in an unlawful effort to perpetuate their illegal debt settlement scheme;

iii. Defendant Scott owns, controls, and is the sole managing member of

Orion as well as the sole officer of Swift Rock, and directs and controls the actions of defendants Orion and Swift Rock. Defendant Orion conducts, performs and controls most aspects of the defendants' unlawful debt settlement enterprise, including contracting with marketing affiliates; conducting virtually all communications with consumers regarding the defendants' debt settlement program; issuance of Notice of Attorney Representation letters to consumers' creditors and legal counsel; negotiating settlements with consumers' creditors; and authorizing payments to consumers' creditors. Further, all fees paid by North Carolina consumers for their debt settlement program and pursuant to the defendants' "Client Services Agreement" – are paid to defendant Orion. Defendant Swift Rock operated as a marketing company to market unlawful debt settlement services for defendant Orion;

iv. Defendant Haskins owns, controls, and is the alter ego of the unincorporated and undefined "World Law Group," from which he and/or his agents produce the boilerplate and baseless legal documents, which are transmitted to defendant Orion, which, in turn, provides them to consumers, with instructions to file them *pro se* with North Carolina courts in response to creditors' collections actions;

v. Defendant Haskins instructs, or directs defendant Orion to instruct, North Carolina consumers to demand arbitration where defendant Haskins or his agents continue to direct or to provide valueless "legal" representation that generally accomplishes little more than delay so as to enable the defendants to continue collecting their unlawful fees;

vi. Defendant World Law South, upon information and belief, was incorporated at the direction of defendant Haskins specifically for the purpose of

continuing to provide debt settlement services, sham legal pleadings, legal advice, and arbitration representation services, in defiance of the Preliminary Injunction Order, and is in fact doing so;

vii. Defendant World Law South purports to be handling a number of consumers' arbitration "representation" before AAA, and purports to be taking over much of the so-called legal work originally done by the unincorporated and undefined "World Law Group";

viii. Defendant Haskins directs and controls defendant World Law South; and

ix. The defendants continue to cooperate to further the conspiracy alleged herein.

159. The aforementioned wrongful acts committed by the defendants were pursuant to the defendants' common scheme and in furtherance of the defendants' objective, and resulted in injury to North Carolina consumers.

160. Defendants Orion, Scott, Swift Rock, Haskins and World Law South are liable, jointly and severally, for the acts of any one of them done in furtherance of the conspiracy.

PRAYER FOR RELIEF

WHEREFORE, the State of North Carolina, through its Attorney General, and the North Carolina State Bar pray the Court for the following relief:

A. That the defendants, their members, officers, employees, affiliates, agents, and all persons in active concert with them, continue to be preliminarily enjoined, and be permanently enjoined from:

- 1) Advertising, offering, soliciting, or entering into contracts with North Carolina consumers for unlawful debt adjusting services, in violation of North Carolina's Debt Adjusting Act, N.C. Gen. Stat. §§ 14-423, *et seq.*;
- 2) Soliciting or collecting any monies from North Carolina consumers for debt adjusting services, in violation of the Debt Adjusting Act, N.C. Gen. Stat. §§ 14-423 and 14-424;
- 3) Engaging in unfair or deceptive practices in the offering or conduct of their debt adjusting services, in violation of N.C. Gen. Stat. § 75-1.1;
- 4) Holding out, expressly or implicitly, or representing to the public by advertising, promotional materials, internet sites, or otherwise, that defendants may provide legal services or may otherwise engage in activities constituting the practice of law in North Carolina;
- 5) Holding out, expressly or implicitly, or representing to the public by advertising, or otherwise, that the defendants may prepare or aid in the preparation of legal documents for use in North Carolina for any person, firm, or corporation;
- 6) Holding out, expressly or implicitly, or representing to the public by advertising or otherwise that the defendants are a law firm or have licensed attorneys who are authorized to provide services to North Carolina consumers;
- 7) Preparing or assisting in the preparation of any legal documents for North Carolina consumers, including but not limited to court pleadings of any nature;
- 8) Giving or offering to give legal advice to North Carolina consumers about any legal matter, with or without a fee;

9) Representing or purporting to represent North Carolina consumers in arbitration proceedings;

10) Advising any North Carolina consumer that handling debts in the manner recommended by defendants will legally protect the consumer; and

11) Disposing of any funds unlawfully collected as fees from North Carolina consumers.

B. That a receiver be appointed pursuant to N.C. Gen. Stat. § 14-425 to gain control of assets received and retained by the defendants as a result of their unlawful debt adjusting activities in this State;

C. That the defendants be ordered to refund all sums collected from North Carolina consumers resulting from the defendants' violations of the Debt Adjusting Act and N.C. Gen. Stat. § 75-1.1, pursuant to N.C. Gen. Stat. §§ 14-425 and 75-15.1;

D. That, to preserve assets for the payment of restitution to North Carolina consumers, those funds of defendant Orion which were set aside as security pursuant to the Court's Preliminary Injunction Order continue to remain set aside for such purposes pursuant to the Court's Order;

E. That defendant Global continue to be preliminarily enjoined, and be permanently enjoined, from disbursing any fees or other consideration to the defendants out of any funds deposited by or collected from North Carolina consumers;

F. That the defendants' existing agreements or contracts with North Carolina

consumers be cancelled pursuant to N.C. Gen. Stat. §§ 14-425 and 75-15.1;

G. That the defendants be ordered to pay appropriate civil penalties pursuant to N.C. Gen. Stat. § 75-15.2;


H. That the plaintiffs be awarded costs of this action and reasonable attorneys' fees;
and

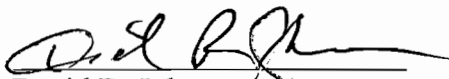
I. That the Court award such other and further relief as may be just and proper.

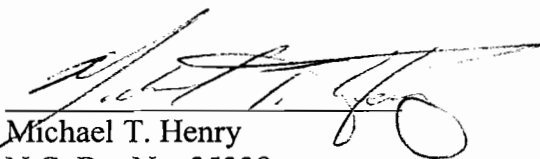
This the 25th day of June, 2014.

STATE OF NORTH CAROLINA
ex rel. ROY COOPER, Attorney General

THE NORTH CAROLINA STATE BAR

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CERTIFICATE OF SERVICE

I do hereby certify that I have this day served a copy of the foregoing **AMENDED COMPLAINT** by delivering a copy by hand delivery to the offices of the following defendants' counsel of record at the following addresses:

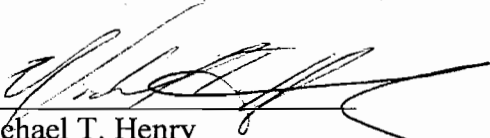
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I further certify that I have this day served a copy of the foregoing **AMENDED COMPLAINT** by depositing a copy thereof in an envelope bearing sufficient prepaid postage for first class mail, in a repository of the United States mail, addressed to legal counsel for Global Client Solutions, LLC, as follows:

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This the 20th day of June, 2014.



Michael T. Henry
Assistant Attorney General