

*Protecting Ohio's Families*



# Ohio Attorney General's Office Consumer Protection Section



**2011**  
Annual Report



**MIKE DEWINE**  
OHIO ATTORNEY GENERAL



# MIKE DEWINE

★ OHIO ATTORNEY GENERAL ★

Dear Colleagues:

As Ohio's Attorney General, I am committed to protecting Ohio's families. One way my office pursues that goal is by vigorously enforcing consumer laws and aggressively fighting fraud and scams.

Shortly after taking office, we established an Economic Crimes Division within the Consumer Protection Section to help county prosecutors and local law enforcement combat criminal consumer fraud. The division investigated dozens of cases and already has charged nine people with crimes, with several additional cases pending.

To build on this momentum, I advocated for legislation strengthening my office's authority to investigate and pursue crimes committed over the Internet and by telephone. Cyber fraud, which takes place when the theft or scam occurs by electronic communication, is among the fastest-growing problems law enforcement faces. The legislation would give the Attorney General's Office the cutting-edge tools it needs to help local prosecutors and law enforcement crack down on cyber fraud. By the end of 2011, it had gained widespread support.

The Consumer Protection Section also initiates civil action against businesses that violate Ohio's consumer protection laws. The section uses data analysts to track and monitor deceptive business practices, especially those involving the Internet. The section also provides an informal dispute resolution process that has helped resolve thousands of consumer complaints. And, the section conducted hundreds of educational presentations to groups and individuals regarding Ohio's consumer laws. Furthermore, we met in 2011 with consumer advocates and businesses throughout Ohio to review the Consumer Sales Practices Act, a nearly 40-year-old statute, and discussed suggested revisions and updates to Ohio's consumer protection laws.

The Attorney General's Office has put those who would defraud or scam Ohioans on notice that it will not tolerate their crimes. We will continue working to enhance our capabilities to protect Ohio's families from consumer fraud.

Very respectfully yours,

Mike DeWine  
Ohio Attorney General

**REPORT TO THE GOVERNOR AND GENERAL ASSEMBLY  
ON THE OPERATIONS OF THE ATTORNEY GENERAL  
UNDER CHAPTER 1345 OF THE OHIO REVISED CODE**

**A. SCOPE**

Chapter 1345 of the Ohio Revised Code, the Consumer Sales Practices Act (CSPA), gives the state Attorney General the duty and enforcement authority to prohibit a supplier from committing an unfair, deceptive, or unconscionable act or practice in connection with a consumer transaction. It is the primary consumer protection statute in Ohio and one of the most comprehensive consumer protection statutes in the nation. Since its adoption in 1972, the CSPA has proven to be a fair and effective regulatory tool, providing protection for consumers and marketplace flexibility for businesses.

Consumer protection in Ohio has expanded through the years, giving the Attorney General's Consumer Protection Section the responsibility of enforcing 26 additional consumer protection laws through civil legal proceedings. The section has concurrent jurisdiction to enforce numerous federal consumer protection statutes. Although no consumer protection statute gives the Attorney General original criminal prosecutorial authority, if a local prosecutor declines a referral, the Attorney General is authorized to prosecute violations of the Homebuyers' Protection Act, Telephone Solicitation Sales Act, and Credit Services Organization Act.

To further protect Ohioans from predatory and illegal business practices, the section educates consumers and businesses about Ohio consumer law and offers a complaint resolution process to resolve disputes between consumers and businesses.

The CSPA requires the Attorney General to report annually to the Governor and the General Assembly about operations related to Chapter 1345 of the Ohio Revised Code and violations of this chapter. Here is a summary of the Consumer Protection Section's 2011 activities as of mid-December, when this report went to print in order to meet the Jan. 1, 2012, submission deadline.

**B. ENFORCEMENT**

The Attorney General is empowered to investigate CSPA violations and enforce the law. To accomplish this, the Consumer Protection Section has several tools at its disposal. The Attorney General may issue a cease-and-desist notice to address a supplier's behavior. The Attorney General has authority to enter into an Assurance of Voluntary Compliance, a formal out-of-court agreement between the Attorney General and the supplier in which the supplier agrees to cease violating the law, to reform business practices, to make appropriate restitution, and when appropriate, to pay other monetary amounts. Finally, the Attorney General can pursue litigation to address possible violations. Some cases are handled as multistate actions in cooperation with other state attorneys general.

The Legal and Investigative Units work together to ensure compliance with Ohio consumer laws. As of Dec. 15, 2011, the Consumer Protection Section opened 269 investigations in 2011. As a result of investigative work, it initiated 29 lawsuits for various unfair, deceptive,

or unconscionable business practices. In the past year, the section also obtained 39 judgments and Assurances of Voluntary Compliance totaling more than \$7 million in consumer restitution, civil penalties, costs, and other relief.

Here are summaries of the lawsuits and settlements that occurred in 2011:

## **LAWSUITS FILED IN 2011**

### **Action Integrated Marketing Inc./Jay D. Murphree**

*Franklin County Court of Common Pleas, Case No. 11 CVH 03 3786*

The National Association of Attorneys General Auto Working Group conducted an investigation into the misleading and deceptive auto marketing practices used by Action Integrated Marketing. Auto dealers hired the company to put on sales at their dealerships and to provide services such as print and direct mail advertising, signage at the dealerships, and bringing in additional sales staff to the dealerships. The company is best known for its “Repo Joe” sales, which create the impression that consumers will get a better deal on vehicles because they have been repossessed, when such is not the case. The 10 states from the multistate group negotiated a settlement with Action Integrated Marketing and its owner, Jay Murphree. On March 24, 2011, each state filed its own lawsuit and submitted a Consent Judgment and Agreed Entry to the court. The settlement is comprised mainly of injunctive relief that should ensure future compliance with the various state deceptive advertising laws. In addition, Ohio will receive \$13,000 of a \$150,000 payment to the multistate group.

### **Allcare Dental Management LLC/Allcare Dental Management Inc./Allcare Dental & Dentures**

*Franklin County Court of Common Pleas, Case No. 11 CVH 06 7429*

The defendants operated dental offices throughout Ohio that permanently closed on or about Jan. 1, 2011, with no prior warning to consumers. The Attorney General opened an investigation after receiving hundreds of complaints relating to the closures. Most of the complaints alleged consumers paid for dental products that were not received and failed to receive refunds for money paid. Allcare patients were typically low-income and often elderly. The Attorney General and the Ohio State Dental Board worked with Allcare to successfully transfer patient records to new dentists, but were not successful in persuading Allcare to refund money for undelivered products. The Attorney General filed a lawsuit on June 17, 2011, alleging a single count for failure to deliver. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

### **Allied Interstate Inc.**

*Franklin County Court of Common Pleas, Case No. 11 CVH 08 10527*

Allied Interstate Inc. (Allied) is a national debt collection company with an office in Columbus, Ohio. The Attorney General opened an investigation into Allied’s debt collection practices due to an increase in consumer complaints alleging unfair and deceptive collection practices. The investigation revealed a pattern of illegal practices, such as calling consumers who did not owe the debts and failing to properly verify debts. Allied cooperated with the Attorney General throughout the investigation, which culminated in an agreement to resolve the matter with a Consent Judgment. The settlement was submitted to the court when a lawsuit was filed on Aug. 23, 2011. The agreement, signed on Aug. 26, 2011, includes injunctive relief, a detailed best practices section, \$75,000 for consumer damages, and a \$75,000 payment to the Consumer Protection Enforcement Fund. The compliance

provisions and best practices language should result in improved business practices through compliance with the Fair Debt Collection Practices Act and Consumer Sales Practices Act and result in a significant reduction in consumer complaints.

**Ameribuild United LLC/Austin Caulk**

*Franklin County Court of Common Pleas, Case No. 11 CVH 07 9065*

The Attorney General opened an investigation into Ameribuild United, a home improvement businesses, in response to consumer complaints. Consumers complained that they entered into home improvement contracts with the business and did not receive the services or that the work was performed in a shoddy manner. The Attorney General filed a lawsuit against the business and owner Austin Caulk on July 22, 2011, for violations of the Consumer Sales Practices Act. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

**American Residential Law Group/Oscar Estevez/Joel Jacobi**

*Franklin County Court of Common Pleas, Case No. 11 CVH 08 10169*

American Residential Law Group, a Florida business, operated as a typical foreclosure rescue operation. It solicited Ohio consumers with promises of saved homes and reduced mortgages. Instead, consumers paid substantial fees, received nothing of benefit, and did not receive refunds. The Attorney General filed a lawsuit on Aug. 16, 2011, against the business and its owners, Oscar Estevez and Joel Jacobi. The lawsuit alleged violations of the Consumer Sales Practices Act and Debt Adjusters Act. It requested a declaratory judgment, permanent injunction, consumer damages, and civil penalties. The case is pending.

**Ashtabula Driving School Inc./Floyd Tackett**

*Ashtabula County Court of Common Pleas, Case No. 2011 CV 1136*

Ashtabula Driving School provided on-road training and in-class education for people seeking to become licensed drivers. The business ceased operations in June 2011, and no advance warning of the closure was given to students. Consumers filed complaints with the Attorney General alleging that they made payments to the business but it failed to provide services and did not issue refunds. The typical cost of the driver education program was approximately \$290. The Attorney General filed a lawsuit on Dec. 13, 2011, against the business and its owner. The lawsuit alleged violation of the Consumer Sales Practices Act, including failure to deliver and failure to maintain a statutory agent with the Ohio Secretary of State. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

**AstraZeneca Pharmaceuticals LP/AstraZeneca LP**

*Franklin County Court of Common Pleas, Case No. 11 CVH 03 3133*

This multistate investigation involved the improper marketing of the antipsychotic drug Seroquel. The drug was promoted for a number of off-label uses, including uses in pediatric and geriatric populations. Atypical antipsychotics, including Seroquel, can produce dangerous side effects, including weight gain, hyperglycemia, diabetes, cardiovascular complications, an increased risk of mortality in elderly patients with dementia, and other severe conditions. The investigation resulted in the Attorney General filing a lawsuit on March 10, 2011. An Agreed Entry and Final Judgment Order was immediately submitted to the court and entered the same day. The settlement requires AstraZeneca to implement policies prohibiting the payment of financial incentives to marketing and sales personnel for off-label marketing; to implement policies prohibiting AstraZeneca sales personnel from

promoting the drug to health care providers who are unlikely to prescribe Seroquel for an FDA-approved use; and to cite Seroquel's FDA-approved indications when referencing selected symptoms rather than promoting Seroquel by highlighting symptoms only. AstraZeneca admitted no wrongdoing in the settlement, but agreed to pay \$68.5 million to the states to fund consumer protection activities. Ohio's share of the payment is \$2,687,973.

**Calvary Construction and Remodeling LLC/Donna K. Roe/Matthew J. McNerlin**

*Franklin County Court of Common Pleas, Case No. 11 CVH 10 12339*

The Attorney General initiated an investigation into this Columbus-area home improvement company after consumers complained that the company did not deliver services or that it performed work in a shoddy manner. On Oct. 4, 2011, the Attorney General filed a lawsuit against the business and its owners for violations of the Consumer Sales Practices Act and Home Solicitation Sales Act. Specific counts included failure to deliver, providing unworkmanlike services, misrepresenting the terms of a warranty, making false and misleading statements, and failing to honor a valid notice of cancellation. The lawsuit seeks a declaratory judgment, a permanent injunction, consumer damages, and civil penalties. The case is pending.

**Community of Faith Christian School/Jeffrey Sanders**

*Cuyahoga County Court of Common Pleas, Case No. CV 11 748819*

Consumers complained to the Attorney General that the school and its owner, Jeffrey Sanders, directly misrepresented the benefits of the school's diploma, including that it would be accepted by community colleges and the City of Cleveland. The Attorney General filed a lawsuit on Feb. 17, 2011, for unfair, deceptive, and unconscionable acts in violation of the Consumer Sales Practices Act. Counts included misrepresenting the benefits of the education and entering into transactions while knowing that the students would not receive substantial benefits. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

**Diversified Real Estate Consultants LLC/Dream Management USA LLC/Precision Processing Solutions International LLC/Daniel J. DePasquale**

*Cuyahoga County Court of Common Pleas, Case No. CV 11 759351*

The Attorney General initiated an investigation into the business practices of Diversified Real Estate Consultant (DREC) based on a high volume of consumer complaints alleging a total loss of more than \$35,000. The investigation revealed that DREC operated a typical foreclosure rescue business that solicited consumers in Ohio and other states with promises of reduced mortgages and a no-risk guarantee. Instead, consumers paid substantial fees, received no benefits, and did not receive refunds. The Attorney General filed a lawsuit on July 12, 2011, against the business, its affiliates, and owner, Daniel DePasquale. The lawsuit alleged violations of the Consumer Sales Practices Act, Debt Adjusters Act, and Telephone Solicitation Sales Act. It requested a declaratory judgment, permanent injunction, consumer damages, civil penalties, and attorney fees and costs. The case is pending.

**Mahmoud Elshistawi, dba Egyptian Cotton Warehouse**

*Warren County Court of Common Pleas, Case No. 11CV 80641*

This business engaged in the online sale of home linens and bedding products. The company name was not registered with the Ohio Secretary of State. The Attorney General initiated an investigation after consumers complained that they ordered and paid for products they never received or that linens they received were of lesser quality than represented on the website.

The Attorney General filed a lawsuit against owner Mahmoud Elshistawi on Oct. 3, 2011, for violations of the Consumer Sales Practices Act. Allegations included failure to deliver and other misrepresentations. The lawsuit seeks declaratory and injunctive relief, consumer damages and civil penalties. The case is pending.

**Thomas Sullivan, dba Express Muffler and Brake/Express Cars Ltd.**

*Cuyahoga County Court of Common Pleas, Case No. CV 11 756464*

Thomas Sullivan operates a “buy-here-pay-here” car dealership and performs automotive repairs through two business entities: Express Cars Ltd. (a limited liability company) and Express Muffler (unregistered). The Attorney General opened an investigation after receiving complaints against the businesses. The investigation revealed a pattern of violations related to auto sales, titling, repossession, deposits, and warranties. On May 31, 2011, the Attorney General filed a lawsuit for violations of the Consumer Sales Practices Act. The case concluded with a July 5, 2011, Consent Judgment, which included findings of liability, a permanent injunction, \$4,453.79 in consumer restitution, and \$5,000 for attorney fees and investigative costs, with \$3,500 suspended for timely compliance.

**Family Paving & Cement LLC/Alfred Earl Edwards**

*Cuyahoga County Court of Common Pleas, Case No. CV 11 767525*

Consumers complained that this home improvement business failed to complete work or that it provided substandard services. After an investigation revealed that the business failed to obtain proper permits to perform the work, the Attorney General filed a lawsuit against the business and its owner on Oct. 25, 2011, for violations of the Consumer Sales Practices Act. The seven-count complaint seeks a declaratory judgment, a permanent injunction, consumer damages, and civil penalties. The case is pending.

**Fastrack Construction/Mark Holbrook**

*Franklin County Court of Common Pleas, Case No. 11 CVH 08 10427*

The Attorney General opened an investigation into the business practices of this home improvement company after receiving consumer complaints alleging failure to deliver services. One of the consumer complaints exceeded \$18,000 in damages. The investigation also revealed that Mark Holbrook, the owner of the business, had his electrical license revoked by the Department of Commerce yet continued to advertise his services on craigslist as a licensed electrician. The Attorney General filed a lawsuit on Aug. 22, 2011, against the business and Holbrook. The lawsuit alleged violations of the Consumer Sales Practices Act and the Home Solicitation Sales Act. Specific counts included failure to deliver, Deposit Rule violations, failure to register a business name, and failure to provide a notice of cancellation. The lawsuit seeks a declaratory judgment, permanent injunction, consumer damages, and civil penalties. The case is pending.

**GlaxoSmithKline LLC/SB Pharmco Puerto Rico Inc.**

*Lucas County Court of Common Pleas, Case No. G-4801-CI201103928*

This multistate case concerned alleged substandard manufacturing processes of GlaxoSmithKline LLC (GSK) and SB Pharmco Puerto Rico Inc. (SB Pharmco). The investigation resulted from the settlement of a federal lawsuit and criminal plea agreement between the federal government and GlaxoSmithKline for failure to comply with federal good manufacturing practices for drugs manufactured at the company’s Cidra, Puerto Rico, plant. The investigation, which included 37 participating states and the District of Columbia, resulted in a lawsuit filed on June 23, 2011. An Agreed Entry and Final Judgment Order was

immediately submitted to the court and entered the same day. The settlement document contained broad terms that apply to GlaxoSmithKline in perpetuity for the covered products, including language relating to misleading and deceptive claims or misrepresentations of sponsorship, approval, uses, and benefits. GlaxoSmithKline also agreed to dissolve SB Pharmco. The total payment to the states was \$40.75 million; Ohio's share was \$1,380,556.

### **Glory Auto Sales/Cedric Gray**

*Franklin County Court of Common Pleas, Case No. 11 CVH 07 8256*

The Attorney General opened an investigation into the business practices of Glory Auto Sales after receiving consumer complaints related to the failure to deliver motor vehicle titles in a timely manner. The investigation revealed a pattern of problems related to the sale of motor vehicles, including Title Defect Rescission, odometer disclosure, and financing violations. The Attorney General filed a lawsuit on July 6, 2011, against the business and its owner, Cedric Gray. The lawsuit alleged violations of the Consumer Sales Practices Act, the Retail Installment Sales Act, the Odometer Rollback and Disclosure Act, and the Certificate of Motor Vehicle Title Law. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

### **Golden Rod Auto Wholesale Inc./Golden Rod Auto Inc./Hogop Lee**

*Franklin County Court of Common Pleas, Case No. 11CVO15641*

Golden Rod Auto, owned by Hogop Lee, is an auto repair shop that also sells used cars. In 2009, Lee entered into two Assurances of Voluntary Compliance with the Attorney General for auto repair and motor vehicle sale violations. The Attorney General continued to receive consumer complaints against the business related to acts and practices addressed in the assurance. The Attorney General opened a new investigation, which revealed that motor vehicle repair issues had continued and that Lee had come up with a new scheme to sell used motor vehicles: selling vehicles on craigslist without being licensed as a motor vehicle dealer. The Attorney General filed a lawsuit against the corporate entities and Lee on Dec. 16, 2011, for violations of the Consumer Sales Practices Act and Title Defect Rescission (TDR) statute. Counts included failure to obtain motor vehicle titles in the names of purchasers, failure to register as a motor vehicle dealer, failure to deliver motor vehicle repairs, and violating the terms of Assurances of Voluntary Compliance. The lawsuit seeks declaratory and injunctive relief, consumer damages, reimbursement for the TDR fund, and civil penalties. The case is pending.

### **Home Improvement Terrance King LLC/Terrance King**

*Franklin County Court of Common Pleas, Case No. 11 CVH 08 9717*

This home-improvement business routinely engaged in a pattern of shoddy work and refused to correct the problems. Consumers complained to the Attorney General that work on their roofs caused interior damage to their homes and that painting and siding work was substandard. In addition to describing the poor work, consumer complaints also revealed that the business ignored the Home Solicitation Sales Act and local licensing requirements. The Attorney General filed a lawsuit against the business and its owner on Aug. 4, 2011, for violations of the Consumer Sales Practices Act and Home Solicitation Sales Act. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.



**Kellie Auto Sales Inc./Raed Said/Rory C. Bowman**

*Franklin County Court of Common Pleas, Case No. 11 CVH 07 9216*

Kellie Auto Sales is a “buy-here-pay-here” used car dealership operating in central Ohio. The Attorney General opened an investigation into the dealership after consumer complaints raised concerns about its sales practices. The investigation revealed that the dealer targeted low-income consumers, particularly from the Hispanic community, with promises of zero-percent financing. In reality, the finance costs were rolled into the sales prices and vehicles were sold at extremely inflated prices. Financial paperwork was inadequate, and illegal repossessions occurred routinely. The dealership sued many consumers for additional money owed and made misrepresentations to the courts through false affidavits. The Attorney General filed a lawsuit on July 26, 2011, against the business, its owner, Raed Said, and its general manager, Rory Bowman, for violations of the Consumer Sales Practices Act, Retail Installment Sales Act, Odometer Rollback Act, and Title Defect Rescission law. On July 27, 2011, the court granted a partial attachment preventing Kellie Auto Sales from removing \$1.5 million from its bank account pending the outcome of the case. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

**Nicholas Lamb**

*Franklin County Court of Common Pleas, Case No. 11 CVH 07 8393*

The Attorney General opened an investigation to examine the online sales practices of Nicholas Lamb related to his numerous postings on the website craigslist. Consumers complained that they responded to offers to buy video game systems, video games, phones, and phone cards. They made purchases by wiring money via Western Union or MoneyGram but did not receive the products or any response from Lamb. The Attorney General filed a lawsuit on July 8, 2011, for violations of the Consumer Sales Practices Act. The lawsuit alleges failure to deliver, false advertising, and other misrepresentations. It seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

**Leak Stoppers/Charles E. Moses/Christopher Bailey/Jennifer Moses**

*Cuyaboga County Court of Common Pleas, Case No. CV 11 763251*

After receiving six consumer complaints alleging failure to deliver or shoddy work, the Attorney General opened an investigation into the business practices of Cleveland-area roofing company Leak Stoppers. Consumers said the business promised refunds but never delivered them. On Aug. 31, 2011, the Attorney General filed a lawsuit against Leak Stoppers and its operators for violations of the Consumer Sales Practices Act. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

**William S. Terry/Herbert L. Terry/Vicky Perdue, dba Mikayla’s Place**

*Lawrence County Court of Common Pleas, Case No. 110C19*

William S. Terry, Herbert L. Terry, and Vicky Perdue operated Mikayla’s Place, an unincorporated business used for the sole purpose of perpetrating a scam. The individuals falsely represented to Ohio and West Virginia consumers that their company was a nonprofit organization affiliated with Autism Speaks, a nonprofit company. They issued advertisements representing that they were conducting a fundraiser for children with autism. Consumers were solicited to purchase laptops and other electronics at huge discounts because they were supposedly donated by entities such as the Veterans Administration and U.S. Social Security Administration. In reality, the electronics the defendants did possess were purchased at various liquidation sales and public auctions. Most consumers did not

receive any electronics and did not receive refunds. The Attorney General received more than 50 consumer complaints, typically ranging from \$50 to \$300 in damages. The Attorney General filed a lawsuit on Jan. 6, 2011, for violations of the Consumer Sales Practices Act. Specific counts included failure to deliver, false advertising, and unconscionable business practices. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

**The Modification Group LLC/Robert Walker**

*Cuyahoga County Court of Common Pleas, Case No. CV 11 754742*

The Attorney General opened an investigation into the business practices of The Modification Group, a foreclosure rescue company, based upon a high volume of consumer complaints filed with the Ohio Attorney General's Office and the Better Business Bureau. The investigation revealed that The Modification Group was a typical foreclosure rescue business that promised to save consumers' homes from foreclosure by working with consumers' lenders and negotiating lower payment schedules. In reality, consumers received no benefit from the business and also were out their initial fees paid to the Modification Group, usually around \$2,000. The Attorney General filed a lawsuit on May 9, 2011, against the business and its director, Robert Walker. The lawsuit alleged violations of the Consumer Sales Practices Act, Debt Adjusters Act, Telephone Solicitation Sales Act, and Credit Services Organization Act. The lawsuit requests a declaratory judgment, permanent injunction, consumer damages, civil penalties, and attorney fees and costs. The case is pending.

**Movie Gallery Inc.**

*United States Bankruptcy Court, Eastern District of Virginia, Case No. 10-30696*

The Ohio Attorney General and other state attorneys general raised numerous objections regarding unfair third-party debt collection practices of Hollywood Video and Movie Gallery customer accounts. Hollywood Video and Movie Gallery had video rental stores throughout the country with 253 outlets in Ohio. They filed for bankruptcy in 2010 and their accounts receivable were assigned to a collection agent, National Credit Solutions (NCS). After NCS took over, consumers reported numerous problems. Most significantly, they said NCS reported negative credit information to credit bureaus on a widespread basis without providing consumers advance notice or the opportunity to challenge the debt. On May 5, 2011, the attorneys general of all 50 states and the Movie Gallery bankruptcy trustee filed a Stipulation and Agreed Order with the U.S. Bankruptcy Court, Eastern District of Virginia. The settlement included rescission of all previously submitted credit reports, no future credit reporting, no collection fees or interest on the principal amounts owed, and no double recovery for late fees. The settlement affected 113,114 Ohio consumers.

**James K. Hall, Kim Hall, and Richard Abston, dba Nationwide Tree Service**

*Franklin County Court of Common Pleas, Case No. 11 CVH 05 5946*

The individuals provided tree and landscaping services under the name Nationwide Tree Service and through other similarly named enterprises. None of the business names were registered with the Ohio Secretary of State. Consumers complained the defendants agreed to remove trees, grind out the stumps, and clean up the mess. Instead, they cut down the trees and promised to return for the stumps and cleanup, but failed to return. The Attorney General filed a lawsuit on May 12, 2011, for violations of the Consumer Sales Practices Act and Home Solicitation Sales Act. Specific counts included failure to deliver, shoddy work, misrepresentations, and failure to provide a notice of cancellation. The litigation concluded

with a Sept. 13, 2011, Default Judgment Entry against the three defendants. It included a declaratory judgment, a permanent injunction, \$14,277.10 in consumer restitution, \$2,610 for investigator costs, and a \$225,000 civil penalty.

### **Northeast Electronics/Carl Chuppa III**

*Cuyaboga County Court of Common Pleas, Case No. CV 11 769295*

Northeast Electronics is a Cleveland-based electronics retailer specializing in television sales and repairs. The Attorney General opened an investigation into its business practices due to the high volume of consumer complaints received by the Attorney General and the Better Business Bureau. Consumers complained that the business failed to deliver televisions that were purchased and paid for, that the business picked up televisions from consumers' homes for repair work but never returned them, and that the business failed to honor warranties. The Attorney General had entered into an Assurance of Voluntary Compliance with the business in 2008 to address similar complaints, but the business did not honor the terms of the agreement. On Nov. 16, 2011, the Attorney General filed a lawsuit against Northeast Electronics and its owner alleging violations of the Consumer Sales Practices Act, including failure to deliver, failure to perform services, and failure to honor warranties. The lawsuit seeks a declaratory judgment, permanent injunction, consumer damages, and civil penalties. The case is pending.

### **Roadway Paving Co./Ollie Stanley/William Boswell**

*Clermont County Court of Common Pleas, Case No. 11CVH 1463*

Roadway Paving Co. sold driveway repair services through door-to-door sales. The Attorney General opened an investigation after consumers complained about the quality of its service. The investigation revealed shoddy and unnecessary work, prices in excess of the initial quotes, price gouging, and failure to provide refunds. The business also failed to provide a three-day right to cancel or other disclosures required by the Home Solicitation Sales Act. On Aug. 18, 2011, the Attorney General filed a lawsuit against the business and its owners for violations of the Consumer Sales Practices Act and Home Solicitation Sales Act. The Attorney General was awarded a Decision and Default Judgment Entry Against Defendant Ollie Stanley on Nov. 22, 2011. The entry included a declaratory judgment, a permanent injunction, \$22,900 for consumer restitution, and a \$25,000 civil penalty.

### **Joseph M. Tribuzzo, dba Tribuzzo Construction and Chimney Guys**

*Cuyaboga County Court of Common Pleas, Case No. CV 11 755019*

The Attorney General opened an investigation into Tribuzzo Construction and Chimney Guys, home improvement businesses operated by Joseph Tribuzzo, after consumers filed complaints with the Ohio Attorney General's Office and the Better Business Bureau. Consumers consistently complained that Tribuzzo failed to deliver services and performed shoddy work. The Attorney General filed a lawsuit on May 12, 2011, for violations of the Consumer Sales Practices Act. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

### **Robert C. White**

*Franklin County Court of Common Pleas, Case No. 11 CVH 07 8392*

The Attorney General opened an investigation to examine the online sales practices of Robert C. White related to his numerous postings on the website craigslist. Consumers complained that they responded to offers to buy video game systems, video games, phones, and phone cards. They made purchases by wiring money via Western Union or MoneyGram

but did not receive the products or any response from White. The Attorney General filed a lawsuit on July 8, 2011, for violations of the Consumer Sales Practices Act. The lawsuit seeks declaratory and injunctive relief, consumer damages, and civil penalties. The case is pending.

## **OTHER JUDGMENTS**

### **Alliance Coin**

*Hancock County Court of Common Pleas, Case No. 2009 CV 573*

On July 1, 2009, the Ohio Attorney General joined the Federal Trade Commission, the U.S. Department of Justice, and 13 other states in “Operation Short Change.” As part of the crackdown, the Ohio Attorney General filed a lawsuit on June 30, 2009, in Hancock County against New York coin dealer Alliance Coin Inc. and its president, Barry J. Rothman of Oceanside, N.Y., for misrepresenting products and using high-pressure sales tactics. The lawsuit alleged violations of the Consumer Sales Practices Act and Telephone Solicitation Sales Act. The litigation concluded with a May 9, 2011, Agreed Consent Judgment and Final Entry and Order. The settlement included a permanent injunction, \$68,212 in consumer restitution, a \$150,000 civil penalty, with \$135,000 suspended on the condition of full compliance with the terms of the agreement, and \$16,785 in costs.

### **American Escrow LLC/Derek Lurie/Steven Lurie**

*Franklin County Court of Common Pleas, Case No. 10 CVH 06 9632*

American Escrow entered into contracts with consumers to provide escrow services to pay property taxes and homeowners’ insurance each year. The Illinois company charged consumers a one-time set up fee of up to \$250, plus a monthly service charge of up to \$6.50. American Escrow stopped making payments and did not refund money to consumers. The Attorney General filed a lawsuit on June 29, 2010, against the business and its owners, Derek and Steven Lurie. The lawsuit alleged violations of the Consumer Sales Practices Act, including failure to deliver and engaging in unfair, deceptive, and unconscionable business practices. The Attorney General obtained a default judgment, and the case concluded on March 1, 2011, with an Entry and Order Adopting Magistrate’s Decision on Damages. The court awarded a permanent injunction, a declaratory judgment, \$171,122.68 in consumer restitution, and a \$125,000 civil penalty.

### **American Home Mortgage Servicing Inc**

*Franklin County Court of Common Pleas, Case No. 09 CVH 11 16491*

The Attorney General filed a lawsuit on Nov. 5, 2009, against this mortgage servicer, a Texas-based company that serviced more than 12,000 mortgages in Ohio. The lawsuit alleged numerous violations of the Consumer Sales Practices Act, including incompetent and inadequate customer service, failure to respond to requests for assistance, failure to offer timely or affordable loss mitigation options to borrowers, and unfair and deceptive loan modification terms. The litigation concluded through a Consent Judgment entered on Dec. 6, 2011. In the settlement, the Attorney General and American Home Mortgage Servicing Inc. (AHMSI) agreed to mortgage servicing standards that will apply to all AHMSI-serviced Ohio loans. AHMSI will no longer assert in loss mitigation agreements that consumers have no right to set-offs, counterclaims, or defenses against lenders or holders of notes. Borrowers who complete a loan modification application will be assigned a single point of contact with AHMSI. The company further agreed to implement a specific timeline for all loan modification requests, to temporarily suspend foreclosures when a borrower completes

a loan modification application, and to implement an internal review process for denied loan modifications.

**Auto Repair Warranty Inc./Auto Repair Group LLC/Michael F. Petruziello/Michael R. Petruziello**

*Cuyaboga County Court of Common Pleas, Case No. CV 10 725427*

Auto Repair Warranty and Auto Repair Group sold and administered extended service contracts for automobiles. The businesses charged consumers up to \$2,500 for the extended service contracts and made representations that they offered “bumper-to-bumper” coverage. In reality, the extended service contracts excluded certain repairs, and the businesses denied other repairs that should have been covered. On April 29, 2010, the Attorney General filed a lawsuit against the businesses and their owners, Michael F. Petruziello and Michael R. Petruziello, who were named as individual defendants. The lawsuit alleged violations of the Consumer Sales Practices Act, including failure to disclose all material terms and conditions in advertisements, failure to substantiate advertising claims, misrepresentation, and failure to deliver. The case concluded through consent judgments entered with all defendants on June 14, 2011. The consent judgments included injunctive relief, \$250,000 for restitution, \$225,000 in civil penalties, and \$15,000 in costs.

**Kyle J. Wiehoff, dba C&W Concrete**

*Franklin County Court of Common Pleas, Case No. 10 CVH 05 6969*

Kyle Wiehoff did business under the name C&W Concrete. He solicited sales for outdoor custom concrete at consumers’ residential properties. Consumers complained they paid for services that were not provided or that work that was completed was done in a substandard manner and fell short of what was promised. The Attorney General filed a lawsuit on May 7, 2010, for violations of the Consumer Sales Practices Act, including counts alleging failure to deliver, shoddy workmanship, and misrepresentation of an affiliation with the Better Business Bureau. The case concluded with a Consent Judgment and Agreed Final Entry on May 31, 2011. It included a declaratory judgment, permanent injunction, and \$16,391.20 in consumer restitution to be paid through the defendant’s Chapter 13 bankruptcy plan. Civil penalties and costs were suspended in exchange for an agreement that the consumer restitution amount would not be discharged through the bankruptcy action.

**Cosmo Iamurri, dba Complete Paving & Concrete and Cosmo’s Paving & Concrete**

*Mahoning County Court of Common Pleas, Case No. 10CV2425*

Cosmo Iamurri operated two business enterprises, Complete Paving & Concrete and Cosmo’s Paving & Concrete. Consumer complaints against the businesses alleged failure to deliver services and not refunding monies paid or providing substandard work. Iamurri had a history of unpaid judgments related to previous consumer transactions and had filed multiple bankruptcy actions. On June 23, 2010, the Attorney General filed a lawsuit against Iamurri alleging violations of the Consumer Sales Practices Act, including failure to deliver, providing shoddy work, and continuing to engage in consumer transactions while having unsatisfied judgments from previous consumer-related lawsuits. The case concluded with an Aug. 2, 2011, Consent Judgment and Agreed Final Entry and Order. It included finding of liability, a permanent injunction, consumer restitution of \$15,690, and a \$50,000 civil penalty, suspended on the condition that Iamurri refrain from engaging in any future consumer transactions.

**Anthony Otworth, dba Custom Touch Remodel**

*Franklin County Court of Common Pleas, Case No. 10 CVH 04 6124*

This home improvement case involved failure to deliver and poor workmanship allegations. Anthony Otworth owned and operated Custom Touch Remodel, an unincorporated business. In their complaints, consumers alleged they paid deposits but no work was done or the work performed was so poor that they had to pay another contractor to correct it. The Attorney General filed a lawsuit on April 21, 2010, for violations of the Consumer Sales Practices Act and Home Solicitation Sales Act. Specific counts included failure to deliver, deposit-related violations, shoddy workmanship, and failure to provide a written agreement and notice of cancellation form. On April 18, 2011, the court issued an Order and Entry granting summary judgment to the Attorney General. It awarded the Attorney General a declaratory judgment and a permanent injunction. A May 16, 2011, damages hearing awarded \$10,589.33 for consumer restitution and a \$175,000 civil penalty.

**Susan Hixson, dba Deck Creations of Ohio/Deck Creations of Ohio**

*Trumbull County Court of Common Pleas, Case No. 2009 CV 852*

Deck Creations was an unincorporated home improvement company owned by Susan Hixson and located in Mineral Ridge, Ohio. Deck Creations offered various outdoor home improvement services, such as deck and gazebo construction, to consumers in Ohio and other states. The Attorney General filed a lawsuit against Hixson and the business on March 30, 2009, alleging failure to deliver and shoddy work in violation of the Consumer Sales Practices Act. The case concluded with a Consent Judgment entered on Feb. 25, 2011. It included a permanent injunction for violating the Consumer Sales Practices Act, \$766 in consumer restitution, \$2,000 in costs, and a \$25,000 civil penalty suspended on the condition of strict compliance with the terms of the Consent Judgment. The judgment further enjoined Hixson from engaging in the home improvement business until she can demonstrate full compliance with Ohio consumer laws to the Attorney General.

**Game Smith/Michael Spillan**

*Franklin County Court of Common Pleas, Case No. 10 CVH 10 15837*

Game Smith was a registered Ohio corporation owned by Michael Spillan. The business sold and repaired electronic games through the Internet, including on craigslist. Consumer complaints claimed that Game Smith accepted down payments to order electronic games but did not deliver the games or accepted electronic games to repair and did not return them. On Oct. 29, 2010, the Attorney General filed a lawsuit against the business and Spillan alleging violations of the Consumer Sales Practices Act, including failure to deliver and failure to fix and return electronic goods. The defendants did not answer the lawsuit, and the court entered an Order and Entry Granting Plaintiff's Motion for Default Judgment on Jan. 12, 2011. The order awarded the Attorney General a declaratory judgment, a permanent injunction, and a \$50,000 civil penalty. A subsequent damages hearing was held, resulting in an award of \$3,052.76 for consumer damages upon the July 7, 2011, Decision and Final Entry adopting the magistrate's decision.

**Heights Driving School II Inc./Charisse Pflueger/David Breth**

*Summit County Court of Common Pleas, Case No. 2109 08 5286*

Heights Driving School provided on-road training and in-class education for people seeking to become licensed drivers. All locations closed in May 2010. The business had previously failed to maintain bonding and insurance as required by the Ohio Department of Public Safety. The business provided no advance warning of the closure to consumers. Following

the closing, numerous consumers filed complaints with the Attorney General, saying they had paid the business, but it failed to provide services or issue refunds. The typical cost of the driver education program was approximately \$250. On Aug. 4, 2010, the Attorney General filed a lawsuit against the business and its owners alleging violations of the Consumer Sales Practices Act, including failure to deliver, accepting payments while knowing of their inability to provide the services, and failing to maintain a statutory agent with the Ohio Secretary of State. The case concluded with an Agreed Consent Judgment Entry and Order filed Oct. 28, 2011. It included a declaratory judgment, a permanent injunction, and \$15,000 for consumer damages. Civil penalty and cost provisions were suspended on the condition that the defendants comply with the terms of the settlement.

### **Highland Banc/Eric B. Johnson**

*Franklin County Court of Common Pleas, Case No. 08 CVH 08 11343*

The Attorney General filed a lawsuit on Aug. 7, 2008, for violations of the Ohio Homebuyers Protection Act, the Ohio Mortgage Broker Act, and the Truth in Lending Act. The case was a joint action brought by the Ohio Attorney General and the Ohio Department of Commerce alleging that Highland Banc committed unfair, deceptive, and unconscionable acts and practices by failing to disclose fees and entering into transactions with individuals who did not have the ability to meet the financial obligations of the transactions. The litigation concluded on Jan. 12, 2011, with a Decision and Final Entry Adopting and Incorporating by Reference the Magistrate's Decision filed Nov. 19, 2010. It included consumer restitution of \$141,865.17 and civil penalties of \$75,000 against Highland Banc and \$25,000 against Eric B. Johnson. The court previously granted the plaintiffs' requests for a declaratory judgment and permanent injunction.

### **JLS & Associates Financial Services LLC**

*Lucas County Court of Common Pleas, Case No. G-4801-CI-0201004612-000*

This Cleveland business charged consumers more than \$1,000 each in upfront fees with the promise to save their homes from foreclosure. The promised services were not provided and some consumers' homes ended up in foreclosure. The Attorney General filed a lawsuit on June 17, 2010, alleging violations of the Consumer Sales Practices Act and Debt Adjuster Act. Specific counts included failure to deliver, making misleading statements of opinion, encouraging consumers to default on their mortgages, and charging fees in excess of those permitted by law. The lawsuit concluded with a July 14, 2011, Decision and Entry Granting Plaintiff's Motion for Summary Judgment Against Defendant JLS & Associates Financial Services LLC. The entry included a permanent injunction, \$64,258.82 in consumer restitution, a \$100,000 civil penalty, and \$4,284.52 for costs.

### **Job Line Inc./Employment Endeavors Inc./Carolyn R. Stone**

*Hamilton County Court of Common Pleas, Case No. A1001111*

Job Line was an employment referral service operated out of Cincinnati and Lexington, Ky., that also used the name Employment Endeavors. Carolyn Stone operated both businesses. The business solicited consumers through classified advertisements listing specific jobs. When consumers called the company, they were informed that Job Line was an employment referral service that required a \$250 fee for access to exclusive job information or services. Job Line led consumers to believe it worked directly with employers to advertise, pre-screen applicants, and assist in filling openings. Consumer complaints alleged that employment referrals contained misinformation of pay range or needed qualifications, that the positions were filled before they received the information, that the positions were non-existent, or that

Job Line ceased operation and failed to provide services for the one-year term. The Attorney General filed a lawsuit on Feb. 5, 2010, as part of Operation Bottom Dollar, a Federal Trade Commission/multistate sweep targeting job-related scams. The Attorney General obtained a default judgment, after which defendant Stone agreed to an order for damages. The litigation concluded with a July 18, 2011, Final Entry and Order, which included a permanent injunction, \$5,960 in consumer restitution, and a \$25,000 civil penalty, with \$20,000 suspended on the condition of complete compliance with the terms of the order.

### **Kirkland Young LLC**

*Franklin County Court of Common Pleas, Case No. 09 CVH 11 17495*

The business is a foreclosure rescue company located in Miami, Fla., that solicited consumers through telephone calls. Kirkland Young charged consumers an initial fee of at least \$499 as well as closing costs if it obtained loan modifications for the consumers. The Attorney General filed a lawsuit in Franklin County on Nov. 23, 2009. It alleged violations of the Consumer Sales Practices Act, the Telephone Solicitation Sales Act, and the Debt Adjuster Act. Specific allegations included failure to register as a telephone solicitor, making false or misleading statements in telephone solicitations, engaging in unconscionable acts and practices in connection with consumer transactions, and charging excess fees. The matter was settled with an Agreed Entry and Consent Judgment filed on March 1, 2011. It included a permanent injunction, consumer restitution for Ohio consumers who submitted claims in a Federal Trade Commission action against the defendant related to the same matter, and a \$150,000 civil penalty, suspended on the condition of compliance with the terms of the settlement.

### **Lakeside Auto Co./Zemarai Sedige**

*Lucas County Court of Common Pleas, Case No. CI0201008318*

This supplier sells and finances used car sales. An investigation into its sales practices revealed a number of issues with the company's business practices. Retail installment sales contracts were incomplete, omitting information such as consumer signatures and payment due dates. Odometer disclosures were not completed. Vehicles were improperly repossessed. When the improper repossessions occurred, Lakeside Auto refused to refund any monies paid. The Attorney General filed a lawsuit on Dec. 16, 2010, for violations of the Consumer Sales Practices Act, Odometer Rollback and Disclosure Act, and Retail Installment Sales Act. On Oct. 31, 2011, the court issued a Decision and Entry Granting Plaintiff's Motion for Partial Summary Judgment Against Defendants Lakeside Auto Co. and Zemarai Sedige. It included a declaratory judgment and permanent injunction as requested by the Attorney General. Consumer damages, civil penalties, and costs will be addressed at a later date.

### **Stephens Investment and Financial Services, dba Lifeline Financial Legal Solutions**

*Franklin County Court of Common Pleas, Case No. 10 CVH 09 13552*

This Florida business solicited Ohio consumers with claims that it could help them obtain home loan modifications. It promised to help borrowers obtain better payment arrangements than they currently had, while falsely stating that it had attorneys on staff to represent the consumers in foreclosure fights. Consumers were charged between \$1,200 and \$3,000 for the program but did not receive the promised services or a refund of the fees paid. The Attorney General filed a lawsuit on Sept. 15, 2010, for violations of the Consumer Sales Practices Act and Debt Adjuster Act. The litigation concluded with a June 15, 2011, Agreed Entry and Consent Judgment. It included a permanent injunction preventing the business from operating in Ohio, \$11,350 in consumer restitution, \$10,000 in costs, and a



\$100,000 civil penalty, suspended on the condition of full compliance with the terms of the settlement.

**NSA Technologies LLC/Home Job Placement/Mark W. Jenney/Victor J. Bierman III/Vincent E. Fisher**

*Summit County Court of Common Pleas, Case No. 2010 09 6290*

NSA Technologies is an Ohio business that offered numerous online “work-at-home” programs. The Attorney General began to investigate the company after receiving several consumer complaints. The complaints alleged that NSA advertisements solicited the sale of programs for people to “make money at home,” “get rich quick,” or other similar claims. Program costs ranged from \$178 to \$768. Consumers would then receive a package of materials that provided little, if any, valuable information or guidance. Consumers did not achieve the promised results, and statements in the advertisements proved to be untrue. The Attorney General filed a lawsuit against the business on Sept. 16, 2010, for violations of the Consumer Sales Practices Act. Three principals of the company were named in the lawsuit as individual defendants. Counts included failure to deliver, deceptive advertising, misrepresentations, and unconscionable business practices. The lawsuit concluded with a Consent Judgment entered on April 22, 2011. Relief included a permanent injunction, a declaratory judgment, \$35,950.12 in consumer restitution, a \$50,000 civil penalty, with \$30,000 suspended on the condition of full compliance with the terms of the agreement, and \$5,000 for attorney fees and costs.

**Pinnacle Security LLC**

*Franklin County Court of Common Pleas, Case No. 10 CV 018365*

Pinnacle Security is a Utah-based home security services provider that solicits Ohio consumers through door-to-door sales. On Dec. 16, 2010, the Attorney General filed a lawsuit that charged Pinnacle Security with installing security systems in Ohioans’ homes based on misrepresentations and failing to honor consumers’ cancellation requests, among other violations of Ohio’s Consumer Sales Practices Act and Home Solicitation Sales Act. The litigation concluded with a Dec. 12, 2011, Consent Entry and Order, in which Pinnacle Security agreed to change certain business practices. These involved training salespeople and staff to give consumers proper notice of their three-day right to cancel; wait to perform any installation or work until after consumers’ three-day cancellation period; provide adequate training to consumers on the use of their security systems after installation; make accurate statements about fees, discounts, and signing up with Pinnacle Security; and instruct consumers to check with their existing home security services provider if they want to switch to Pinnacle Security. Pinnacle Security also was assessed a \$50,000 civil penalty, with \$25,000 suspended upon full compliance with the settlement. Additionally, Pinnacle Security agreed to pay a total of \$75,867.29 in restitution to 169 consumers identified in the settlement and to give the consumers the option to cancel their contracts. These consumers filed complaints with the Ohio Attorney General’s Office, the Better Business Bureau, or directly to Pinnacle Security. Additionally, Pinnacle Security agreed to pay restitution to consumers who file eligible complaints within 60 days of the settlement date.

**Shawn Fleming, dba Shawn Fleming Snowplowing and Shawn Fleming Roofing**

*Lake County Court of Common Pleas, Case No. 10CV001360*

Shawn Fleming operated two business enterprises, Shawn Fleming Snowplowing and Shawn Fleming Roofing. He entered into agreements with consumers to provide services, including snowplowing and small-level home repair and roof projects. Consumer complaints alleged

that Fleming accepted money but failed to provide the promised services. Other complaints alleged that any services provided were substandard in quality. The Attorney General filed a lawsuit on May 7, 2010, for violations of the Consumer Sales Practices Act. Counts included failure to deliver, shoddy workmanship, failure to register the businesses with the Ohio Secretary of State, and continuing to engage in consumer transactions while having unpaid judgments against him related to previous consumer transactions. On Jan.18, 2011, the court issued an Order Granting Motion for Default Judgment, which included a declaratory judgment and permanent injunction.

**Decorate With Style Inc., dba USA Wallpaper**

*Erie County Court of Common Pleas, Case No. 2009CV0885*

Decorate With Style Inc. was a Sandusky company that sold wallpaper and other home decorations. Most sales were made on the Internet under the name USA Wallpaper. Consumers filed more than 300 complaints against the business alleging failure to deliver products or return deposits. On Oct. 19, 2009, the Attorney General filed a lawsuit against the business for violating the Consumer Sales Practices Act. The lawsuit concluded with a Consent Judgment Entry and Order entered on June 16, 2011. The settlement included a permanent injunction, \$28,154.23 in consumer restitution, a \$20,000 civil penalty, with \$10,000 suspended, and \$7,270 in costs.

**Maxco Development Inc., dba University Painters**

*Franklin County Court of Common Pleas, Case No. 06 CVH 03 3245*

The Attorney General opened an investigation into this Virginia business when Ohio college students complained about their experiences with University Painters' summer painting business opportunity program. The business made numerous misrepresentations, including that students could earn college internship credit, make thousands of dollars with no upfront costs, and that sales were easy to come by. The students were required to purchase several thousand dollars of marketing materials. The majority of Ohio students were terminated for failing to meet the required sales goals. As a result, University Painters attempted to collect thousands of dollars from the students in termination fees and costs owed. The Attorney General filed a lawsuit against the business on March 9, 2006, alleging violations of the Business Opportunity Purchasers Protection Act. A trial in front of a magistrate on the issue of liability was held in November 2007. The magistrate granted judgment for the state on Dec. 31, 2007. Defendant's objections were overruled by the judge. A damages hearing was held on May 16, 2011. The magistrate rendered his Decision on Damages on June 27, 2011, finding the defendant liable for civil penalties and restitution. On July 18, 2011, the judge affirmed the Magistrate's Decision on Damages and entered a Final Order granting the state \$100,000 in penalties and \$35,487.88 in restitution.

**Victoria Motors LLC/Quelvid Malave**

*Franklin County Court of Common Pleas, Case No. 10 CVH 08 12072*

The Attorney General initiated an investigation into this used car dealership after consumer complaints alleged a number of potential Consumer Sales Practices Act violations. The dealership engaged in spot delivery, the practice of selling vehicles contingent on financing, with no written agreement detailing obligations if financing was not obtained. The dealership also changed the purchase prices in some sales and improperly repossessed vehicles. The Attorney General filed a lawsuit on Aug. 17, 2010, against the business and its owner, Quelvid Malave, for violations of the Consumer Sales Practices Act and Odometer Rollback and Disclosure Act. The lawsuit concluded with a Sept. 21, 2011, Consent Judgment and

Agreed Entry and Order. It included a declaratory injunction, a permanent injunction, \$6,882 in consumer restitution, and a \$50,000 civil penalty, with \$37,500 suspended on the condition of full compliance with the terms of the order.

## **ASSURANCES OF VOLUNTARY COMPLIANCE**

### **AmeriGas Propane LP**

AmeriGas Propane is the nation's largest retail propane marketer, with approximately 45,000 Ohio residential customers. The Attorney General initiated an investigation due to a large number of consumer complaints. AmeriGas previously recognized that consumers had concerns regarding fees and surcharges and implemented new terms and conditions for all consumers in October 2010. Those changes specified the fees and surcharges a consumer may be subject to and set forth other required disclosures. The investigation concluded with an Assurance of Voluntary Compliance entered on Aug. 19, 2011. The agreement documented the changes already made and further addressed concerns regarding customer service, methods by which consumers contract with AmeriGas, and methods for quoting consumers a price per gallon. The assurance included a \$50,000 payment to the Attorney General for attorney fees and investigative costs.

### **Bassett Furniture Industries Inc./BFDCIN East LLC/BFDC LLC**

Bassett Furniture Direct and Bassett Furniture Direct of Cincinnati were individually owned franchises of Bassett Furniture, a large furniture manufacturer. Stores were located in the Cincinnati and Columbus areas. Consumers complained to the Attorney General about a variety of problems encountered as a result of their furniture purchases from the Bassett stores. The complaints typically alleged multiple customer service issues, including repeated and unreasonable delays in delivery or repair of pre-ordered furniture. During the course of the investigation, both Ohio locations closed, leaving the company with no Ohio presence. An Attorney General investigation concluded with an Assurance of Voluntary Compliance entered on Nov. 30, 2011. The assurance provides that in the event Bassett returns to Ohio, it will conduct future business in compliance with the requirements of the Consumer Sales Practices Act. The assurance also included a \$1,500 payment to the Consumer Protection Enforcement Fund.

### **Big Ten Construction LLC/Akron-Canton Restoration/TNT Builders LLC/Eric Tischer**

Eric Tischer owned and operated several entities engaging in the solicitation and sale of home improvement goods and services. Consumers complained that the business never delivered the services consumers purchased, performed in a poor manner, or failed to acquire proper permits. An Attorney General investigation concluded with an Assurance of Voluntary Compliance entered on Oct. 20, 2011. Pursuant to the assurance, Tischer and the business entities agreed to comply with the Consumer Sales Practices Act and Home Solicitation Sales Act, to provide consumer restitution, to void certain consumer contracts, and to release outstanding mechanics' liens. The suppliers also agreed to pay \$15,000 to the Attorney General, with \$13,000 of the amount suspended on the condition of full and complete compliance with the terms of the assurance.

### **Ronald L. Schumacher, dba Buckeye Home Repairs**

The case involved a home improvement business owned and operated by Ronald Schumacher. Buckeye Home Repair was located in Clinton County and solicited consumers

for the purchase of various home improvement-related services. Consumers complained to the Attorney General that they paid for services that the business did not provide or that the business did home-improvement work in a shoddy manner. The investigation concluded on March 17, 2011, when Schumacher agreed to enter into an Assurance of Voluntary Compliance wherein he agreed to resolve more than \$20,000 in restitution claims. A \$7,500 claim will be removed if he properly repairs a roof. An additional \$2,500 is included to reimburse the Attorney General for investigative costs. The assurance further requires compliance with the Consumer Sales Practices Act in any future transactions.

### **Carrington Mortgage Services LLC**

*Franklin County Court of Common Pleas, Case No. 09 CVH 07 11433*

The Attorney General and Ohio Department of Commerce filed a lawsuit on July 31, 2009, against this mortgage servicer. In January 2008, the two agencies had entered into an agreement with Carrington to resolve a dispute arising from the state's New Century litigation. The agreement required Carrington to engage in good-faith loan workout negotiations with eligible borrowers in order to help them avoid foreclosure. The 2009 lawsuit alleged that Carrington breached the agreement by failing to provide borrowers with workout terms reasonably designed to avoid foreclosure, failing to provide a written copy of the terms to the state, and failing to provide proposed terms to borrowers within the 21-day timeframe outlined in the agreement. The case concluded with an Assurance of Voluntary Compliance entered on May 19, 2011. The assurance set standards for servicing loans, including providing a single employee to work with borrowers, creating an Ohio-specific contact mechanism, setting timeframes for modification requests, suspending foreclosures while evaluating loan modification, and charging only bona-fide and reasonable fees. Loan modifications for 29 homeowners who were originally part of the New Century litigation also were part of the settlement.

### **Credit Bureau Collection Services Inc., dba CBCS and CBCS National**

Credit Bureau Collection Services (CBCS) is a debt collection company based in Central Ohio. The Attorney General opened an investigation regarding its debt collection practices due to an increase in consumer complaints alleging unfair and deceptive collection practices. The investigation revealed a pattern of illegal practices, such as calling consumers who did not owe the debts and failing to properly verify debts. On Aug. 12, 2011, the investigation concluded with an Assurance of Voluntary Compliance. The assurance established compliance provisions and best practices that CBCS must adhere to in its debt collections. It also included \$175,000 in consumer restitution and a \$175,000 payment to the Consumer Protection Enforcement Fund. The compliance provisions and best practices language should result in improved business practices through compliance with the Fair Debt Collection Practices Act and Consumer Sales Practices Act as well as a significant reduction in consumer complaints.

### **Express Towing & Recovery Service Inc./Mark E. Groteke**

Express Towing engaged in the business of transporting motor vehicles on behalf of consumers and acted as a broker for such services between consumers and third-party motor vehicle transporters. The Attorney General opened an investigation after consumers complained that the supplier accepted money and failed to deliver the services or to provide refunds. The investigation concluded when Express Towing and its owner, Mark Groteke, agreed to a May 11, 2011, Assurance of Voluntary Compliance. The agreement prevented Groteke from engaging in the business of transporting vehicles on behalf of consumers for a

period of five years from the date of the assurance. It also included \$7,455 in consumer restitution and \$10,000 in attorney fees and costs, suspended on the condition of full compliance with the terms of the assurance.

**Serenity Group of Ohio, dba Floral Hills Memory Gardens/Ronald Downey/Joseph Miller**

Floral Hills Memory Gardens operated cemeteries in Chillicothe and Circleville, Ohio. The company provided burial services and grave markers. Ronald Downey and Joseph Miller were the owners of the cemeteries and are no longer doing business in Ohio after selling their interests in the cemeteries. Consumers complained that they paid for grave markers that were not delivered. The investigation concluded with an Assurance of Voluntary Compliance entered on May 2, 2011. It provides for full delivery of all goods ordered within 90 days of the date of the assurance or full consumer restitution for any undelivered product. It also requires the owners to conform to Ohio consumer laws should they engage in business in Ohio again. A \$25,000 payment to the Attorney General was suspended on the condition of full compliance with the terms of the assurance, including the consumer restitution provisions.

**Three-C Body Shop Inc.**

The Attorney General opened an investigation into the business practices of this Central Ohio collision repair business due to concerns about whether the estimate information it provided to consumers complied with the Motor Vehicle Repairs or Services Rule. The investigation concluded with an Assurance of Voluntary Compliance entered on Oct. 7, 2011, that requires Three-C to provide an estimate choice to consumers and obtain written authorization for any additional repairs. It also included a payment of \$7,500 to reimburse the state for attorney fees and investigative costs, with \$2,500 suspended upon full compliance with the terms of the assurance.

**C. ECONOMIC CRIMES DIVISION**

Shortly after taking office, Attorney General Mike DeWine began an effort to fundamentally change the way the Attorney General's Consumer Protection Section deals with complaints alleging activities of a criminal nature. The Consumer Protection Section receives tens of thousands of complaints from Ohio consumers each year. While the section always has been well equipped to investigate and address civil complaints, there was no effective means to deal with those tied to potential criminal acts.

To address the issue, Attorney General DeWine formed the Economic Crimes Division within the Consumer Protection Section and in March 2011 hired a former county prosecutor to lead it. With a staff made up of experienced prosecutors and criminal investigators, the division has changed the way the Attorney General's Office deals with potential crimes.

After a preliminary investigation, the division works with local law enforcement and prosecutors around the state to coordinate an investigation and prosecution of the crime. If requested by the prosecuting attorney, attorneys from the Economic Crimes Division serve as special prosecuting attorneys for a case.

The Economic Crimes Division has worked with law enforcement and prosecutors across Ohio and several other states on more than 50 investigations. Probes coordinated by the division with Ohio law enforcement and prosecutors already have led to nine suspects being charged with felonies for crimes committed in Ohio. Three of those have pleaded guilty.

Most investigations in the Economic Crimes Division cross county, state, and other jurisdictional lines. The division has effectively connected with multiple law enforcement agencies that have a common interest in a given victim or suspect. With the Attorney General's statewide complaint database and other tools, the division is able to help law enforcement navigate across county and state jurisdictions when necessary.

In September 2011, Attorney General DeWine joined with state Sen. Kevin Bacon and state Rep. Ross McGregor in calling for tougher laws and additional investigative tools to fight cyber fraud. The resulting legislation gained widespread support. The new law would help the Economic Crimes Division provide better, more timely service to Ohio's law enforcement community and, as a result, to Ohio families.

#### **D. CONSUMER ASSISTANCE UNIT**

The Consumer Assistance Unit includes 15 complaint specialists and two Title Defect Rescission Fund (TDR) personnel. The staff serves consumers, small businesses, and nonprofits that file complaints against various businesses.

Complaint specialists provide informal dispute resolution by contacting the businesses in an attempt to resolve the complaints and, if necessary, to bring the businesses into compliance with Ohio law. The specialists have concentrated areas of expertise. For instance, one specialist serves as Lemon Law administrator, helping consumers resolve complaints related to motor vehicles and assisting with the arbitration process. TDR staff members also help motor vehicle purchasers obtain automobile titles and temporary tags and maintain the TDR registration and billing program.

In 2011, the Consumer Assistance Unit continued to help small businesses and nonprofits resolve their consumer-related disputes and enhance the office's ability to monitor the marketplace for unfair and deceptive practices.

Complaint specialists are trained to identify problem businesses, and any consumer complaint information may be referred for further investigation. Specialists make these referrals based on consumer complaint volume, patterns of abuse, and other factors. The ability to identify problem businesses is critical in the Consumer Protection Section's attempt to protect consumers. Many investigative referrals have led to successful litigation.

## **Top Ten Consumer Complaints Reported to the Attorney General's Office**

Every year, the Attorney General compiles a list of the top 10 complaint-generating areas. In 2011, the top 10 areas (as of Dec. 16, 2011) were:

1. Motorized Vehicles
2. Collections, Credit Reporting, or Financial Services
3. Internet or Phone
4. Health and Beauty
5. Household Goods or Property Improvement
6. Professional Services
7. Shopping, Food or Beverages
8. Sweepstakes or Prizes
9. Utilities
10. Mortgages

### **E. EDUCATION**

The goal of the Education Unit is to inform Ohioans about their consumer rights and warn them about scams.

In 2011, the unit reached thousands of Ohioans through approximately 300 workshops, information tables, and other outreach activities. It also produced new publications and Web content to educate Ohioans about consumer issues.

Events and other outreach tools are marketed through the Attorney General's website, fliers, and networking by staff and regional representatives. Target audiences include Ohio's most vulnerable consumer populations, such as seniors, job seekers, and high school students.

#### **Workshops**

The Education Unit offers a variety of consumer workshops to educate Ohioans about consumer issues. In 2011, popular workshops included Financial Exploitation of the Elderly; Job Seekers Beware; Know Your Rights: A Consumer Guide for Students; Senior Scams; and Supporting Ohio Small Businesses.

Workshops are available upon request and can be arranged by visiting the Attorney General's website at [www.OhioAttorneyGeneral.gov/ConsumerWorkshops](http://www.OhioAttorneyGeneral.gov/ConsumerWorkshops) or by calling the Help Center at 800-282-0515.

#### **Publications**

The Education Unit also provides a variety of informational publications and Web content. Publications cover topics such as vehicle owner rights, credit repair, debt collection, elder fraud, foreclosure rescue scams, job scams, and identity theft.

The unit also produces a monthly electronic newsletter, the Consumer Advocate, which keeps consumers updated with the latest consumer tips and information. A second

electronic newsletter, the Law Advisor, provides the legal community with updates to the Online Public Inspection File.

### **Special Programs**

National Consumer Protection Week is an annual consumer education campaign that unites national, state, and local consumer advocate groups to encourage individuals across the country to take full advantage of their consumer rights. For this campaign, the Education Unit partners with local, state, and federal organizations to provide practical tips to help consumers make well-informed financial decisions, avoid scams, and protect their personal information. During National Consumer Protection Week 2011, the Education Unit coordinated special events such as financial fairs and consumer workshops throughout the state.

On Sept. 15, 2011, the Education Unit launched the third annual High School Take Action Video Contest. The contest awards a total of \$5,000 in college scholarships to the top three teams or individuals who submit a 60-second video on Internet safety. Teams had submitted 275 videos as of mid-December.

In 2011, the Education Unit worked with the Attorney General's regional representatives to help small businesses owners avoid fraud and comply with Ohio consumer law. The office worked with local chambers of commerce to provide dozens of trainings to small business organizations statewide. The Education Unit also produced a 30-page publication, "Complying with Ohio Consumer Law: A Guide for Businesses," designed to provide an overview of Ohio consumer law in simple language. The guide also is available on the Attorney General's website.

### **F. CONSUMER LAWS**

In addition to the Consumer Sales Practices Act, the Ohio Attorney General's Consumer Protection Section enforces many other Ohio laws and federal statutes created to protect consumers from unfair business practices. Among the Ohio laws the Consumer Protection Section is charged with enforcing are:

**Business Opportunity Purchaser's Protection Act:** Requires the disclosure of certain information in the sale of business opportunity plans and provides other safeguards, such as a required "cooling off" period for consumer investors

**Credit Freeze Act:** Requires credit reporting agencies to allow consumers to place credit freezes on their credit reports to prevent the extension of new credit and outlines how to temporarily or permanently remove the freezes

**Credit Services Organization Act:** Regulates businesses that charge consumers to improve credit histories or obtain extensions of credit by requiring various disclosures, requiring a "cooling off" period, and prohibiting certain conduct such as receiving any payment prior to providing all services

**Debt Adjuster Act:** Regulates businesses that offer debt pooling, adjusting, or management services by requiring business audits and insurance coverage and limiting contributions that can be accepted from the debtor



**Home Solicitation Sales Act:** Protects consumers from unethical door-to-door sales practices and allows consumers a three-day “cooling off” period during which the sale can be canceled

**Lemon Law (Nonconforming New Motor Vehicle Law):** Requires automakers to repair any design or construction defect that affects the use, value, or safety of a new motor vehicle within the first 12 months or 18,000 miles, whichever comes first

**Odometer Rollback and Disclosure Act:** Makes it illegal to alter the mileage reading of a motor vehicle and requires that accurate mileage disclosures be made when selling the motor vehicle

**Predatory Lending Law (Homebuyer’s Protection Act):** Brings non-bank mortgage lenders and mortgage brokers into the jurisdiction of the Consumer Sales Practices Act, providing the Attorney General authority to investigate and initiate legal proceedings against predatory lending practices

**Prepaid Entertainment Contracts Act:** Protects consumers who sign contracts with health spas, dance studios, diet centers, dating services, and martial arts training schools by providing a three-day “cooling off” period and by specifying conditions under which a contract can be canceled

**Small Loan Lender Act:** Limits permissible payday loan interest rate charges to 28 percent, prohibits unfair debt collection practices and requires Internet lenders to have an Ohio location

**Telephone Solicitation Sales Act:** Requires certain telephone solicitors to meet statutory requirements, post a bond, and register with the Ohio Attorney General’s Office prior to being able to solicit Ohio consumers

**Title Defect Rescission Act:** Creates the Title Defect Rescission Fund, administered by the Consumer Protection Section, to provide refunds to retail purchasers of motor vehicles who are unable to obtain a certificate of title within the statutory period of time



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**Consumer Protection Section**

**2011**  
Annual Report

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For more information on this report or  
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