

IN THE COURT OF COMMON PLEAS  
DELAWARE COUNTY, OHIO

STATE OF OHIO ex rel.  
OHIO ATTORNEY GENERAL  
MICHAEL DEWINE

Plaintiff,

v.

LEGAL AID SERVICES, INC. et al.

Defendants.

CASE NO. 15-CVH-11-0772

JUDGE EVERETT H. KRUEGER

MAGISTRATE KRISTIN SCHULTZ

FINAL JUDGMENT  
ENTRY ADOPTING THE  
MAGISTRATE'S DECISION AND  
ORDER AGAINST DEFENDANTS

JAN ANTONIO  
CLERK

2016 MAR 30 PM 2:24

COMMON PLEAS COURT  
DELAWARE COUNTY, OHIO  
FILED

The Court hereby adopts and approves the Magistrate's Decision and enters the Magistrate's Decision as a matter of record and includes the same as the Court's findings and judgments herein. The Court further finds that there is no error of law or other defect on the face of the Magistrate's decision and the Court incorporates, by reference, the Magistrate's decision and makes the same the judgment of this Court.

This matter came to be heard upon the filing of Plaintiff's Motion for Default on January 21, 2016 based on Defendants' failure to defend Plaintiff's lawsuit. On January 28, 2016, this Court issued a Default Judgment Order and Entry Granting Default. The Default Judgment Order and Entry granted Plaintiff's requests for declaratory and injunctive relief, ordered Defendants to pay civil penalties and consumer damages in amounts to be determined at a damages hearing, and granted Plaintiff's request to submit evidence of consumer damages via affidavits. A damages hearing was scheduled for March 25, 2016.

On March 21, 2016, Plaintiff filed a Memorandum in Support of Damages and Other Requested Relief ("Damages Memo") along with the sworn affidavits of three consumers, all of

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ATTORNEY GENERAL OF OHIO

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whom suffered monetary damages due to the Defendants' unfair and deceptive acts and practices. The Damages Memo also set forth the statutory basis for the imposition of a \$50,000 civil penalty.

Plaintiff's counsel appeared before the Court but neither the Defendants, nor counsel on their behalf, appeared at the damages hearing.

The Court finds all of the Plaintiff's requests in its Damages Memo well-taken. The evidence establishes that the three Ohio consumers sustained monetary damages in the amounts set forth on the summary list attached as Exhibit 4 to Plaintiff's Damages Memo.

**Based on the above, the Court completely re-states below the Findings of Facts, Conclusions of law, and Orders that were originally included in the Court's Default Judgment Order, and also new orders specifying the consumer damages and civil penalties amounts that Defendants must pay.**

#### **FINDINGS OF FACT**

1. Defendant Legal Aid Services, Inc. ("Legal Aid Services") is a California corporation registered with the California Secretary of State. Legal Aid Services has been suspended by California's Franchise Tax Board for failure to meet tax requirements.
2. Defendant Legal Aid Services represented that its principal place of business was located at 2424 N. Grand Avenue, Suite I, Santa Ana, California, 92705.
3. At other times, Defendant Legal Aid Services has represented that its place of business was located at 1525 E. 17th Street, Suite K, Santa Ana, California, 92705.
4. Defendant Floyd G. Belsito ("Belsito") is a natural person who resides at 5382 Beck Circle, Huntington Beach, California, 92649.
5. Defendant Belsito did business as Legal Aid Services.

6. Defendant Belsito directed, supervised, approved, formulated, authorized, ratified, benefited from, and/or otherwise participated in the acts and practices of Legal Aid Services.
7. At all times relevant to this action, Defendant Legal Aid Services was not registered with the Ohio Secretary of State as a foreign corporation.
8. At all times relevant to this action, Defendants were engaged in the business of soliciting, offering for sale, and selling mortgage loan modification services to consumers.
9. Defendants represented to consumers that Legal Aid Services, Inc. was a law firm that would provide professional services to consumers in order to help consumers avoid foreclosure.
10. Defendant Belsito, a California-licensed attorney who was ordered inactive by the State Bar of California, has been ineligible to practice law in California since March 2, 2015.
11. Defendant Belsito was never licensed to practice law in Ohio.
12. Defendants represented that they could help consumers by negotiating a reduced interest rate or other loan modification or loan adjustment with the 'consumers' lenders or mortgage servicers.
13. Defendants held themselves out as being a law firm that would provide services to consumers, despite employing no lawyers who were licensed in Ohio.
14. Defendants induced consumers to trust them by creating the impression that consumers were getting professional services associated with legal counsel who were legally permitted to represent them, when such was not the case.
15. Defendants' mail solicitations and other written correspondence with consumers included statements that led consumers to believe that Defendants were affiliated with the federal government and its programs for struggling homeowners.

16. Defendants accepted money from consumers for the purpose of obtaining mortgage loan modifications for the consumers.
17. Defendants charged Ohio consumers initial fees in amounts of \$3,000 or more, prior to the initiation of any services.
18. Defendants charged Ohio consumers fees or contributions in excess of \$100 per calendar year for their loan modification services.
19. Defendants failed to provide services that were promised to consumers.
20. Defendants failed to obtain loan modifications for consumers.
21. Consumers who did not receive the service of having their mortgage loans modified requested refunds of the money they had paid to Defendants.
22. Defendants failed to provide full refunds to consumers for whom they did not deliver the promised outcome.
23. Defendants failed to fully refund the money consumers paid for undelivered services, despite requests from consumers to either deliver the services or make full refunds.
24. Consumers who did business with the Defendants and never received loan modifications or refunds were left in worse financial situations than the consumers were in before doing business with Defendants.

#### **CONCLUSIONS OF LAW**

25. The actions of Defendants have occurred in the State of Ohio, in Delaware County and in other Ohio counties, and are in violation of the Consumer Sales Practices Act ("CSPA"), R.C. 1345.01 et seq., its Substantive Rules, Ohio Administrative Code ("O.A.C.") 109:4-3-01 et seq., and the Debt Adjuster's Act ("DAA"), R.C. 4710.01 et seq.

26. The Attorney General, acting on behalf of the State of Ohio and in the public interest, is the proper party to this action by virtue of the authority vested in the Attorney General by R.C. 1345.07 of the CSPA.
27. Jurisdiction over the subject matter of this action lies with this Court pursuant to R.C. 1345.04 of the CSPA.
28. This Court has venue to hear this case pursuant to Ohio Civ. R. 3(B)(3), in that Delaware County is where Defendants conducted some of the transactions complained of herein.
29. Defendants are “suppliers” as that term is defined in R.C. 1345.01(C) as Defendants were, at all times relevant herein, engaged in the business of effecting consumer transactions either directly or indirectly by soliciting and selling goods or services to consumers in Delaware County and other counties in the State of Ohio for purposes that were primarily for personal, family, or household use within the meaning specified in R.C. 1345.01(A) and (D).
30. Defendants engaged in “debt adjusting” as defined in R.C. 4710.01(B) in that Defendants, at all times relevant herein, held themselves out as providing services to debtors in the management of debts by effecting the adjustment, compromise, or discharge of any account, note, or other indebtedness of the debtor.
31. Defendants engaged in unfair and deceptive acts and practices in violation of R.C. 1345.02 of the CSPA and the Failure to Deliver Rule, O.A.C. 109:4-3-09, by accepting money from consumers for services, failing to make full delivery of the promised services, and failing to provide full refunds.
32. Defendants committed unfair and deceptive acts and practices in violation of R.C. 1345.02(A) of the CSPA by failing to register Legal Aid Services as a foreign corporation with the Ohio Secretary of State as required by R.C. 1703.01 et seq.

33. Defendants committed unfair and deceptive acts and practices in violation of R.C. 1345.02(A) and 1345.02(B)(9) of the CSPA by representing that Defendants had an affiliation that they did not have.

34. Defendants committed unfair and deceptive acts and practices in violation of R.C. 1345.02(A), by operation of R.C. 4710.04, by engaging in debt adjusting activities, including holding out that they could effect the adjustment, compromise, or discharge of any account, note, or other indebtedness of consumers who signed up for their services, while charging fees in excess of those permitted by R.C. 4710.02(B) of the DAA.

**THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED THAT**

- A. Defendants Legal Aid Services, Inc. Belsito, doing business under their own names or any other names, their agents, representatives, salespeople, employees, successors, or assigns, and all persons acting in concert or participating with them, directly or indirectly, are **PERMANENTLY ENJOINED** from engaging in the acts or practices described in this order and from committing any unfair, deceptive, or unconscionable acts or practices that violate the CSPA, R.C. 1345.01 et seq., its Substantive Rules, O.A.C. 109:4-3-01 et seq., or the DAA, R.C. 4710.01 et seq., including, but not limited to, violating the specific statutes and rules described in this order.
- B. It is **DECLARED** that the acts and practices committed by the Defendants, as set forth above, violate the CSPA, R.C. 1345.01 et seq., its Substantive Rules, O.A.C. 109:4-3-01 et seq., and the DAA, R.C. 4710.01 et seq.
- C. Pursuant to R.C. 1345.07(B), Defendants are **ORDERED**, jointly and severally, to pay consumer damages in the total amount of \$10,435. Such payment shall be made

to the Attorney General via a certified check or money order payable to the "Ohio Attorney General" and delivered to:

Compliance Officer  
Consumer Protection Section  
Office of the Ohio Attorney General  
30 East Broad Street, 14th Floor  
Columbus, Ohio 43215

The consumer damages will be distributed to the following three consumers in the amounts set forth below:

Last Name	First Name	City	State	Amount Owed
Holt	Susan	Galena	OH	\$3,800.00
Kingham	Rick	Marysville	OH	\$2,935.00
Shon	Steven	Mayfield	OH	\$3,700.00
			<b>TOTAL</b>	<b>\$10,435.00</b>

- D. Based on the above findings that Defendants committed unfair and deceptive acts and practices in violation of the CSPA and the DAA, Defendants are **ORDERED**, jointly and severally, pursuant to R.C. 1345.07(D), to pay a civil penalty of \$50,000. Such payment shall be made to the Attorney General via a certified check or money order payable to the "Ohio Attorney General" and delivered to:

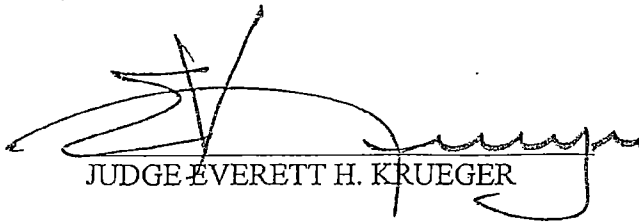
Compliance Officer  
Consumer Protection Section  
Office of the Ohio Attorney General  
30 East Broad Street, 14th Floor  
Columbus, Ohio 43215

- E. Defendants are **ORDERED**, jointly and severally, to pay all court costs.
- F. Defendants are **ENJOINED** from engaging in business as suppliers in any consumer transaction in the State of Ohio until such time as they have satisfied all monetary obligations due hereunder.

THIS IS A FINAL APPEALABLE ORDER.  
THERE IS NO JUST CAUSE FOR DELAY

IT IS SO ORDERED.

3/29/16  
DATE

  
JUDGE EVERETT H. KRUEGER

Submitted by:

MICHAEL DEWINE  
Attorney General of Ohio

/s/ Tracy Morrison Dickens  
Tracy Morrison Dickens (0082898)  
Senior Assistant Attorney General  
Office of the Attorney General  
Consumer Protection Section  
30 East Broad Street, 14th Floor  
Columbus, Ohio 43215  
614.466.3999  
[tracy.dickens@ohioattorneygeneral.gov](mailto:tracy.dickens@ohioattorneygeneral.gov)  
866.449.0989 (fax)

The Clerk is ordered to serve upon  
all parties not in default to appear,  
notice of the judgment and date of entry  
upon the journal within three days of  
journalization.

*Counsel for Plaintiff, State of Ohio*