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IN THE COURT OF COMMON PLEAS
CUYAHOGA COUNTY, OHIO

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FILED

2016 JAN 29 P 1:35

STATE OF OHIO, EX REL. ATTORNEY GENERAL OF
OHIO

Plaintiff

Case No: CV-15-845782

JUDGE: MATTHEW A MCMONAGLE
CLERK OF COURTS
CUYAHOGA COUNTYUNIVERSAL DEBT & PAYMENT SOLUTIONS, INC.,
ET AL

Defendant

JOURNAL ENTRY

92 DEFAULT - FINAL

PLAINTIFF'S MOTION FOR DEFAULT JUDGMENT AGAINST DEFENDANTS UNIVERSAL DEBT & PAYMENT SOLUTIONS, LLC AND MARCUS BROWN, DBA LRS LITIGATIONS, FILED 10/16/2015, IS GRANTED AS TO UNIVERSAL DEBT & PAYMENT SOLUTIONS.

PLAINTIFF'S MOTION FOR DEFAULT JUDGMENT AGAINST DEFENDANT MARCUS BROWN, DBA LRS LITIGATIONS, FILED 11/30/2015, IS GRANTED.

ON JANUARY 27, 2016, COUNSEL FOR PLAINTIFF APPEARED AT THE DEFAULT HEARING AND PRESENTED THE DEFAULT PACKAGE. NEITHER PRO SE DEFENDANT MOHAN BAGGA NOR A REPRESENTATIVE FOR UNIVERSAL DEBT & PAYMENT SOLUTIONS, LLC. APPEARED.

ALTHOUGH PRO SE DEFENDANT MARCUS BROWN APPEARED AT THE DEFAULT HEARING, HE OFFERED NO EVIDENCE TO REFUTE THE DEFAULT. DEFENDANTS' ORAL MOTION FOR LEAVE TO FILE AN ANSWER IS DENIED.

DEFAULT JUDGMENT IS GRANTED IN FAVOR OF PLAINTIFF AND AGAINST DEFENDANTS UNIVERSAL DEBT & PAYMENT SOLUTIONS, LLC. AND MARCUS BROWN DBA LRS LITIGATIONS. FINAL/OSJ.

COURT COST ASSESSED AS DIRECTED.

PURSUANT TO CIV.R. 58(B), THE CLERK OF COURTS IS DIRECTED TO SERVE THIS JUDGMENT IN A MANNER PRESCRIBED BY CIV.R. 5(B). THE CLERK MUST INDICATE ON THE DOCKET THE NAMES AND ADDRESSES OF ALL PARTIES, THE METHOD OF SERVICE, AND THE COSTS ASSOCIATED WITH THIS SERVICE.

OSJ

Judge Signature

Date

RECEIVED
ATTORNEY GENERAL OF OHIO

MAR 03 2016

CONSUMER PROTECTION SECTION
PUBLIC INSPECTION FILE

IN THE COURT OF COMMON PLEAS
CUYAHOGA COUNTY, OHIO

FILED

STATE OF OHIO, *ex rel.*
MICHAEL DEWINE
ATTORNEY GENERAL OF OHIO

Plaintiff

v.

UNIVERSAL DEBT & PAYMENT
SOLUTIONS, LLC, et al.

Defendants.

CASE NO. CV-15-845782

JUDGE MATTHEW McMONAGLE

2016 JAN 29 P 1:35

CLERK OF COURTS
CUYAHOGA COUNTY

DEFAULT JUDGMENT ENTRY
AND DAMAGES ORDER AGAINST
DEFENDANTS UNIVERSAL DEBT
& PAYMENT SOLUTIONS, LLC, AND
MARCUS BROWN, DBA LRS
LITIGATIONS

PREAMBLE

This cause came to be heard upon Plaintiff's Motion for Default Judgment Against Defendants Universal Debt & Payment Solutions, LLC ("UDPS") and Marcus Brown ("Brown"), also known as Marcus Middlebrooks, Marcus Johnson, and Ernest Johnson, doing business as LRS Litigations ("LPS"), doing business as IRS Equity and Worldwide Requisitions ("Defendants"), originally filed October 16, 2015, pursuant to Civ. R. 55(A).

Pursuant to Plaintiff's October 20, 2015 Notice of Withdrawal and per this Court's Journal Entry dated October 20, 2015, Plaintiff's Motion for Default Judgment was withdrawn as it related to Defendant Marcus Brown, doing business as LRS Litigations. As such, Plaintiff's October 16, 2015 Motion for Default Judgment pertained only to Defendant UDPS. On November 30, 2015, Plaintiff re-filed its Motion for Default Judgment Against Defendant Brown.

Defendants were properly served in this matter and have failed to file answers to Plaintiff's Complaint and have failed to defend against this motion or appear before the Court in any manner. The Court finds the motion well taken and hereby grants and sustains Plaintiff's

Motion for Default Judgment as to Defendant UDPS and Defendant Brown, individually and doing business as LRS Litigations and/or IRS Equity.

On December 29, 2015, Plaintiff filed a Memorandum in Support of Damages and Other Requested Relief ("Damages Memorandum"), in which Plaintiff submitted evidence supporting the amount of civil penalties and consumer damages it was requesting that the Court assess. Neither Defendants, nor counsel on their behalf, submitted any evidence to refute Plaintiff's request for consumer damages and civil penalties.

The Court, based on Plaintiff's Complaint, the Default Judgment Motion, and the Damages Memorandum, hereby renders the following Default Judgment Entry and Order and Decision on Damages.

FINDINGS OF FACT

1. Defendant Universal Debt & Payment Solutions, LLC ("UDPS") is a Georgia limited liability company that does business in Cuyahoga County and in the State of Ohio and is registered at 3939 Lavista Road, Suite 312, Tucker, Georgia 30084.
2. Defendant UDPS was organized by Defendant Mohan Bagga ("Bagga").
3. Defendant Bagga is the owner of Defendant UDPS.
4. Defendant Bagga is an individual and resides at 6375 Whitestone Place, Duluth, Georgia 30097.
5. Defendant UDPS had its principal place of business located at 6375 Whitestone Place, Duluth, Georgia 30097-8076.
6. The 3939 Lavista Road address belongs to a post office box at a UPS Store, which is registered to Defendant Marcus Brown.

7. Defendant UDPS is also registered as a limited liability company in the State of New York.
8. The New York articles of incorporation include a mailing address of 142 Stratford Road, Buffalo, New York 14216, which is also a residential mailing address for Defendant Marcus Brown.
9. Defendant Marcus Brown, also known as Marcus Middlebrooks, Marcus Johnson, and Ernest Johnson ("Brown"), is an individual and resides at 142 Stratford Road, Buffalo, New York 14216.
10. Defendant Brown is the treasurer for Defendant UDPS.
11. Defendant Brown also does business as LRS Litigations ("LRS"), a fictitious business entity which has a purported business address of 600 Superior Avenue East, Suite 1300, Cleveland, Ohio 44114.
12. Defendant LRS Litigations does business as IRS Equity and Worldwide Requisitions.
13. Defendants UDPS and LRS do business in Cuyahoga County and in the State of Ohio; however, Defendants UDPS and LRS have failed to register with the Ohio Secretary of State.
14. Defendant Brown operated, dominated, controlled, and directed the conduct of Defendant LRS, causing, personally participating in, and/or ratifying the acts and practices of Defendant LRS.
15. Defendants LRS and Brown are, and have been at all times relevant to this action, engaged in providing collection services by regularly collecting, or attempting to collect, from consumers debts that are due or alleged to be due.

16. Using the names LRS Litigations, IRS Equity, and Worldwide Requisitions, Defendants LRS and Brown have attempted to collect on alleged debts through telephone calls.
17. Defendants LRS and Brown have used threats, intimidation, and harassment to collect debts purportedly owed by consumers.
18. Defendants LRS and Brown threatened that litigation would be filed against the consumer if the consumer did not call the debt collector back within 24-28 hours.
19. When consumers returned the calls, Defendants LRS and Brown would tell the consumers that they needed to pay the alleged debt in order to avoid court action or criminal prosecution.
20. In most cases, consumers did not owe the debts referenced.
21. However, due to Defendants LRS and Brown's collection methods of using false statements and threats, consumers often sent money to these debt collectors.
22. Defendant UDPS regularly accepted payments from consumers on behalf of Defendants LRS and Brown.
23. Defendant Brown played a key role in the debt collection scheme as he is not only an officer of UDPS, but he received payments from the Defendant UDPS for the debt collection scheme.

CONCLUSIONS OF LAW

24. The Court has jurisdiction over the subject matter, issues and parties to this action and venue is proper.
25. The business practices of Defendant UDPS, as described herein and in Plaintiff's Complaint, are governed by the Consumer Sales Practices Act ("CSPA"), R.C. 1345.01

et seq., the Substantive Rules enacted thereunder, the and the Dodd-Frank Act, 12 U.S.C. 5536.

26. The business practices of Defendant Brown, as described herein and in Plaintiff's Complaint, are governed by the Consumer Sales Practices Act ("CSPA"), R.C. 1345.01 et seq., the Substantive Rules enacted thereunder, the Fair Debt Collection Practices Act ("FDCPA"), 15 U.S.C. 1692 et seq., and the Dodd-Frank Act, 12 U.S.C. 5536.
27. The Ohio Attorney General, acting on behalf of the citizens of Ohio, and in the best interest of this state, is the proper party to commence this action under the authority of the CSPA, R.C. 1345.07, and by virtue of his authority to protect the interests of the citizens of the State of Ohio.
28. Defendant UDPS is a "supplier" as that term is defined in R.C. 1345.01(C) as Defendant was, at all times relevant herein, engaged in the business of effecting consumer transactions by accepting payment of a debt allegedly owed by a consumer, which arose from a consumer transaction, for purposes that were primarily personal, family or household within the meaning specified in R.C. 1345.01(A) and (D), to individuals in Cuyahoga County and other counties in the State of Ohio and across the United States.
29. Defendants Brown and LRS 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 by enforcing or attempting to enforce the payment of a debt allegedly owed by a consumer, which arose from a consumer transaction, for purposes that were primarily personal, family or household within the meaning specified in R.C. 1345.01(A) and (D), to individuals in Cuyahoga County and other counties in the State of Ohio and across the United States.

30. Defendants LRS and Brown are "debt collectors" as that term is defined in 15 U.S.C. 1692a(6) as Defendants LRS and Brown have, at all times relevant herein, used an instrumentality of interstate commerce or the mails in any business the principal purpose of which is the collection of any debts, or who regularly collects or attempts to collect, directly or indirectly, debts owed or due or asserted to be owed or due another, to individuals in Cuyahoga County and other counties in the State of Ohio and across the United States.
31. Defendants LRS and Brown are "covered persons" as that term is defined in 12 U.S.C. 5481(6)(A) as Defendants LRS and Brown have, at all times relevant herein, been engaged in offering or providing a consumer financial product or service as defined by 12 U.S.C. 5481(5) and 12 U.S.C. 5481(15)(x) to individuals in Cuyahoga County and other counties in the State of Ohio and across the United States.
32. Defendant UDPS is a "covered person" as that term is defined in 12 U.S.C. 5481(6)(B) as Defendant UDPS has, at all times relevant herein, been an affiliate of Defendants LRS and Brown with regard to transactions with individuals in Cuyahoga County and other counties in the State of Ohio and across the United States.
33. Defendants LRS and Brown have committed unfair or deceptive acts or practices in violation of the FDCPA, 15 U.S.C. 1692 et seq., by engaging in conduct the natural consequence of is to harass, oppress, or abuse persons in connection with the collection of a debt, in violation of 15 U.S.C. 1692d.
34. Defendants LRS and Brown have committed unfair or deceptive acts or practices in violation of the FDCPA, 15 U.S.C. 1692 et seq., by using obscene or profane language in connection with the collection of a debt, in violation of 15 U.S.C. 1692d(2).

35. Defendants LRS and Brown have committed unfair or deceptive acts or practices in violation of the FDCPA, 15 U.S.C. 1692 et seq., by placing multiple telephone calls within a short period of time to consumers for the purposes of annoying or harassing consumers at the called numbers, in violation of 15 U.S.C. 1692d(5).
36. Defendants LRS and Brown have committed unfair or deceptive acts or practices in violation of the FDCPA, 15 U.S.C. 1692 et seq., by attempting to collect alleged debts by telephone without providing the meaningful disclosure of the caller's identity, in violation of 15 U.S.C. 1692d(6).
37. Defendants LRS and Brown have committed unfair or deceptive acts or practices in violation of the FDCPA, 15 U.S.C. 1692 et seq., by failing to provide written notices to consumers, within five days after initial telephone contact, that contained the following information: the amount of the debt; the name of the creditor, a statement that unless the consumer disputes the validity of the debt within thirty days, Defendants will assume the debt is valid; the process by which the consumer may request verification of a debt; and a statement that, upon the consumer's written request within thirty days, Defendants would provide the name of the original creditor, if different from Defendants, in violation of 15 U.S.C 1692g(a).
38. Defendants LRS and Brown have committed unfair or deceptive acts or practices in violation of the FDCPA, 15 U.S.C. 1692 et seq., by using unfair or unconscionable means to collect or attempt to collect debts, in violation of 15 U.S.C 1692f.
39. Defendants LRS and Brown have committed unfair or deceptive acts or practices in violation of the FDCPA, 15 U.S.C. 1692 et seq., by taking or threatening to take

nonjudicial actions against consumers' real or personal properties or wages when there was no legal authority or intention to do so, in violation of 15 U.S.C. 1692f(6).

40. Defendants LRS and Brown have engaged in or used false, deceptive, or misleading representations in connection with the collection of debts in violation of the FDCPA, 15 U.S.C. 1692 et seq., by using false or misleading representations to collect or attempt to collect debts or to obtain location information, in violation of 15 U.S.C. 1692e(2).
41. Defendants LRS and Brown have engaged in or used false, deceptive, or misleading representations in connection with the collection of debts in violation of the FDCPA, 15 U.S.C. 1692 et seq., by falsely representing the character, amount, or legal status of debts or services rendered or compensation which may be lawfully received by debt collectors for the collection of debts, in violation of 15 U.S.C. 1692e(2)(A) and (B).
42. Defendants LRS and Brown have engaged in or used false, deceptive, or misleading representations in connection with the collection of debts in violation of the FDCPA, 15 U.S.C. 1692 et seq., by representing or implying to consumers that nonpayment of debts will result in the arrest or imprisonment of the consumers, or the seizure, garnishment, attachment, or sale of any of the consumers' property or wages when there is no legal authority or intention to do so, in violation of 15 U.S.C. 1692e(4).
43. Defendants LRS and Brown have engaged in or used false, deceptive, or misleading representations in connection with the collection of debts in violation of the FDCPA, 15 U.S.C. 1692 et seq., by threatening to take legal actions when there is no legal authority or intention to do so, in violation of 15 U.S.C. 1692e(5).
44. Defendants LRS and Brown have engaged in or used false, deceptive, or misleading representations in connection with the collection of debts in violation of the FDCPA, 15

U.S.C. 1692 et seq., by using any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a customer, in violation of 15 U.S.C 1692e(10).

45. Defendants LRS and Brown have engaged in acts and practices in violation of the Dodd-Frank Act, 12 U.S.C. 5536(a)(1)(A), by committing acts in violation of a Federal consumer financial law – specifically, the FDCPA.
46. Defendant UDPS has engaged in acts and practices in violation of the Dodd-Frank Act, 12 U.S.C. 5536(a)(1)(A) by regularly accepting payments from the consumers on behalf of the Defendants LRS and Brown, when such payments were obtained through the acts and practices of LRS and Brown in violation of the FDCPA.
47. Defendant UDPS has engaged in acts and practices in violation of the Dodd-Frank Act, 12 U.S.C. 5536(a)(3) by knowingly or recklessly providing substantial assistance to Defendants LRS and Brown in violation of 12 U.S.C. 5531.
48. Defendants LRS and Brown have committed unfair and deceptive acts or practices in violation of the CSPA, R.C. 1345.02(A), by engaging in acts and practices in violation of the FDCPA as set forth in paragraphs 33 through 44 above.
49. Defendants LRS and Brown have committed unfair and deceptive acts or practices in violation of the CSPA, R.C. 1345.02(A), by engaging in acts and practices in violation of the Dodd-Frank Act as set forth in paragraph 45 above.
50. Defendant UDPS has committed unfair and deceptive acts or practices in violation of the CSPA, R.C. 1345.02(A), by engaging in acts and practices in violation of the Dodd-Frank Act as set forth in paragraphs 46 through 47 above.

51. Defendants LRS and Brown have committed unfair and deceptive acts or practices in violation of the CSPA, R.C. 1345.02(A), by engaging in or using unfair means to collect or attempt to collect debts that are not owed by the consumers contacted.
52. Defendants LRS and Brown have committed unfair, deceptive, and unconscionable acts or practices in violation of the CSPA, R.C. 1345.02(A) and 1345.03(A), by engaging in or using unfair means to collect or attempt to collect debts.
53. Defendants LRS and Brown have committed unfair, deceptive, and unconscionable acts or practices in violation of the CSPA, R.C. 1345.02(A) and 1345.03(A), by communicating with a consumer in the collection of a debt at any time or place known or which should be known to be inconvenient to the consumer, including inconvenient hours and/or at the consumer's place of employment.
54. Defendant Brown, individually and doing business as LRS Litigations, has committed unfair and deceptive acts and practices in violation of the CSPA, R.C. 1345.02(A), by doing business in Ohio under a fictitious business name without registering the name with and making all required ownership disclosures to the Ohio Secretary of State, as required by R. C. 1329.01.
55. Defendant UDPS has committed unfair and deceptive acts and practices in violation of the CSPA, R.C. 1345.02(A), by doing business in Ohio without having registered as a foreign limited liability company with the Ohio Secretary of State.

CONSUMER RESTITUTION AND CIVIL PENALTIES

A. RESTITUITION

Pursuant to R.C. 1345.07(B), the Court may reimburse consumers who have been damaged by the actions of Defendants. R.C. 1345.07(B) provides as follows:

On motion of the attorney general and without bond, in the attorney general's action under this section, the court may make appropriate orders, including * * * to reimburse consumers found to have been damaged, * * *, or to grant other appropriate relief.

In its Damages Memorandum, Plaintiff's counsel presented evidence of consumer damages via affidavit. The affidavit set forth damages incurred by consumer Debra Oliver in the amount of \$162.50. Ms. Oliver's affidavit provides that she was pressured into paying a debt that she did not owe - a debt that the Defendants Brown and LRS Litigations collected and that Defendant UDPS accepted payment for on behalf of the co-defendants in this case. Thus, consumer Oliver is entitled to a full refund of all monies paid.

B. CIVIL PENALTIES

Pursuant to R.C. 1345.07(D), the Attorney General may request civil penalties to be awarded. Specifically, R.C. 1345.07(D) states:

In addition to the other remedies provided in this section, if the violation is an act or practice that was declared to be unfair, deceptive, or unconscionable by a rule adopted pursuant to Division (B)(2) of Section 1345.05 of the Revised Code before the consumer transaction on which the action is based occurred or an act or practice that was determined by a court of this state to violate section 1345.02 or 1345.03 of the Revised Code was made available for public inspection pursuant to Division (A)(3) of section 1345.05 of the Revised Code, the attorney general may request and the court may impose a civil penalty of not more than twenty-five thousand dollars against the supplier. The civil penalties shall be paid as provided in division (G) of this section.

Plaintiff's Complaint alleges multiple violations of the CSPA, as outlined in the seven Counts of Plaintiff's Complaint and as more fully set forth in Plaintiff's Damages Memorandum. Each count alleges that the act or practice at issue has previously been determined by Ohio courts to violate the CSPA. Therefore, each violation warrants the assessment of a civil penalty.

THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. Plaintiff's request for Declaratory Judgment is GRANTED, and it is therefore DECLARED that the acts and practices set forth in Paragraphs (33) – (55) above violate the CSPA, 1345.01 et seq., in the manner set forth herein and in Plaintiff's Complaint.
2. Plaintiff's request for Declaratory Judgment is GRANTED, and it is therefore DECLARED that the acts and practices set forth in Paragraphs (33) – (44) above violate the FDCPA, 15 U.S.C. 1692 et seq., in the manner set forth herein and in Plaintiff's Complaint.
3. Plaintiff's request for Declaratory Judgment is GRANTED, and it is therefore DECLARED that the acts and practices set forth in Paragraphs (45) – (47) above violate the Dodd-Frank Act, 12 U.S.C. 5536, in the manner set forth herein and in Plaintiff's Complaint.
4. Defendants are PERMANENTLY ENJOINED from engaging in any consumer transactions in the State of Ohio until the final ordered resolution of this matter is satisfied in its entirety.
5. Defendants, under their own name or any other names, their agents, representatives, salespeople, employees, successors and assigns, and all persons acting on behalf of the Defendants directly or indirectly, through any corporate or private device, partnership or association, are PERMANENTLY ENJOINED from engaging in the acts or practices of which Plaintiff complains and from further violating the FDCPA, 15 U.S.C. 1692 et seq., the Dodd-Frank Act, 12 U.S.C. 5536 et seq., and the CSPA, R.C. 1345.01 et seq., and the Substantive Rules enacted thereunder.

6. Defendants are ORDERED to maintain in their possession and control for a period of five (5) years, and in a manner designed to secure the privacy of all consumers' personal information, all business records relating to Defendants' actions including solicitation, payment acceptance and any additional records in the State of Ohio and to permit the Ohio Attorney General or his representative, upon reasonable twenty-four (24) hour notice, to inspect and/or copy any and all records.
7. Defendants are jointly and severally liable for consumer restitution in the amount of \$162.50.
8. Defendant UDPS is assessed a civil penalty in the amount of \$25,000.00 for its one violation of the CSPA.
9. Defendant Brown is assessed a civil penalty in the amount of \$150,000.00 for his multiple violations of the CSPA, as outlined in six Counts of Plaintiff's Complaint.
10. Defendants are jointly and severally liable for all costs associated with bringing this action.

IT IS SO ORDERED.

1/22/16
DATE

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JUDGE MATTHEW A. McMONAGLE