

STATE OF WISCONSIN

CIRCUIT COURT  
BRANCH \_\_\_\_

DANE COUNTY

STATE OF WISCONSIN  
17 West Main Street  
Post Office Box 7857  
Madison, Wisconsin 53707-7857,

Plaintiff,

v.

Case No. 2013 CX 11

LEGAL HELPERS DEBT RESOLUTION, LLC  
a/k/a Macey, Aleman, Hyslip & Searns,  
a Nevada limited liability company,  
233 South Wacker Drive, Suite 5150  
Chicago, IL 60606,

JEFFREY S. HYSLIP  
2610 N. Talman Avenue, #4  
Chicago, IL 60647-6977,

JASON SEARNS  
6377 W. Prentice Avenue  
Littleton, CO 80123-5195,

JEFFREY ALEMAN  
19 Red Oak Drive  
Highland, IL 52249-2361,

and

THOMAS G. MACEY  
1962 North Burling Street  
Chicago, IL 60614,

Defendants.

THIS IS AN AUTHENTICATED COPY OF THE  
ORIGINAL DOCUMENT FILED WITH THE DANE  
COUNTY CLERK OF CIRCUIT COURT.

CARLO ESQUEDA  
CLERK OF CIRCUIT COURT

CIRCUIT COURT  
13 JUN 12 PM 2:47  
DANE COUNTY, WI

**COMPLAINT**

The State of Wisconsin, by its attorneys, J.B. Van Hollen, Attorney General, and Lara Sutherlin, Assistant Attorney General, on behalf of the Wisconsin Department of Justice, the Wisconsin Department of Agriculture, Trade and Consumer Protection (“DATCP”), and the Wisconsin Department of Financial Institutions (“DFI”), brings this action against Defendants, Legal Helpers Debt Resolution, LLC (“Legal Helpers”), Jeffrey S. Hyslip (“Hyslip”), Jason Searns (“Searns”), Jeffrey Aleman (“Aleman”), and Macey (“Macey”) and alleges as follows:

### **I. PARTIES**

1. Plaintiff, State of Wisconsin, is a sovereign state of the United States of America, with its principal offices at the State Capitol in Madison, Wisconsin.

2. Defendant Legal Helpers Debt Resolution, LLC, also known as the law firm of Macey, Aleman, Hyslip & Searns, is a Nevada limited liability company with its principal place of business at 233 South Wacker Drive, Suite 5150, Chicago, Illinois 60606.

3. Defendant Jeffrey Hyslip is an adult residing at 2610 N. Talman Avenue, #4, Chicago, Illinois 60647-6977 and a managing attorney of Legal Helpers.

4. From at least sometime in 2009 to October 2010, and perhaps longer, Defendant Hyslip signed the “Attorney Retainer Agreement” on behalf of Legal Helpers, which was entered into with Wisconsin consumers who enrolled in Legal Helpers’ debt settlement program.

5. “Letters of Representation” sent to creditors on behalf of Wisconsin consumers were signed by Defendant Hyslip.

6. Defendant Hyslip participated in, controlled and had knowledge of the acts and practices of the defendant Legal Helpers.

7. Defendant Jason Searns is an adult residing at 6377 W. Prentice Avenue, Littleton, Colorado 80123-5195 and is a principal owner, manager and general counsel of Legal Helpers, and acts as general counsel for Legal Helpers.

8. On information and belief, from 2009 to at least 2010, Defendant Searns trained, reviewed and conducted onsite audits of Legal Helpers' back-end services providers.

9. On information and belief, Defendant Searns approved all marketing, advertising and promotional material for Legal Helpers.

10. Defendant Searns responded to regulatory inquiries from the DFI regarding Wisconsin consumer complaints.

11. Defendant Searns participated in, controlled and had knowledge of the acts and practices of the defendant Legal Helpers.

12. Defendant Jeffrey Aleman is an adult residing at 19 Red Oak Drive, Highland, Illinois 52249-2361 and is a principal owner and manager of Legal Helpers.

13. On information and belief, Defendant Aleman was responsible for hiring local attorneys in Wisconsin, including Attorney William Murphy, and is a signatory to those contracts. Defendant Aleman also responded to regulatory inquiries from the DFI regarding Wisconsin consumer complaints.

14. At a time known to Defendants, but unknown to the State, but at least from 2009-2010, Defendant Aleman signed the Strategic Alliance Agreements with the back-end account processors that serviced Wisconsin consumers' accounts.

15. Defendant Aleman participated in, controlled and had knowledge of the acts and practices of the defendant Legal Helpers.

16. Defendant Macey is an adult residing at 1962 North Burling Street, Chicago, Illinois 60614, and is a principal owner and manager of Legal Helpers.

17. Defendant Macey is one of four principal moving agents of Legal Helpers.

18. Defendant Macey is licensed to practice law in Illinois.

19. Defendant Macey is not licensed to practice law in the state of Wisconsin.

20. Defendant Macey, acting in concert with Defendants Searns, Jeffrey Aleman and Jeffrey Hyslip, participated in, controlled, established, directed, and/or ratified the business practices of Legal Helpers alleged in this Complaint.

21. For the purposes of this complaint, any references to the acts, practices, or omissions of Legal Helpers shall include those acts, practices, or omissions of Legal Helpers' officers, directors, employees, representatives, or other agents, as well as all named Defendants.

22. Defendants Hyslip, Searns, Aleman and Macey had the power to control and prevent the violations of consumer law alleged herein, and therefore can incur liability for noncompliance.

23. Wisconsin Stat. § 218.02(1)(a) defines "adjustment service company" as follows:

"Adjustment service company," hereinafter called company, shall mean a corporation, limited liability company, association, partnership or individual engaged as principal in the business of prorating the income of a debtor to the debtor's creditor or creditors, or of assuming the obligations of any debtor by purchasing the accounts the debtor may have with the debtor's several creditors, in return for which the principal receives a service charge or other consideration.

24. At all times relevant to this complaint, Legal Helpers has been engaged in the business of prorating the income of a debtor to the debtor's creditor or creditors in return for which it receives a service charge or other consideration, and is therefore acting as an "adjustment services company" under Wis. Stat. § 218.02.

25. Legal Helpers has never been licensed as an adjustment service company under Wis. Stat. § 218.02(2).

26. Wisconsin Admin. Code ch. ATPC 127.01(21) defines “seller” as follows:

“Seller” means a person, other than a bank, savings bank, savings and loan association, credit union, insurance company, public utility or telecommunications carrier engaged in exempt activities under s. 93.01 (1m), Stats., who is engaged in the business of selling, offering to sell, or promoting the sale of consumer goods or services to consumers.

27. Wisconsin Admin. Code ch. ATPC 127.01(3) defines “consumer goods or services” as follows:

“Consumer goods or services” means goods or services typically used for personal, family, or household purposes.

28. At all times relevant to this complaint, Legal Helpers has been a “seller” of “consumer goods or services” as it sold debt resolution services, which are consumer services within the meaning of Wis. Admin. Code §§ ATPC 127.01(21) and 127.01(3).

29. Pursuant to Wis. Stat. § 846.45(1)(c), a “foreclosure consultant” means a person who, directly or indirectly, makes a solicitation, representation, or offer to a foreclosed homeowner to perform for compensation, or who for compensation performs, any service that the person in any manner represents will in any manner do any of the following:

- a. Stop or postpone the foreclosure sale.
- b. Obtain any forbearance from a beneficiary or mortgagee.
- c. Obtain a waiver of an acceleration clause contained in a promissory note or contract secured by a mortgage on the residence in foreclosure or contained in the mortgage.
- d. Assist the foreclosed homeowner to obtain a loan or advance of funds.
- e. Avoid or ameliorate the impairment of the foreclosed homeowner’s credit resulting from the recording of a lis pendens or the conduct of a foreclosure sale.

f. Save the residence in foreclosure from foreclosure.

30. Since the enactment of the Foreclosure Consultant Statute in 2009, by providing mortgage loan modification services to Wisconsin consumers with real property to which there is a delinquency or default on any loan payment, Legal Helpers was a “foreclosure consultant” within the meaning of Wis. Stat. § 846.45(1)c.

31. For the purposes of this complaint, the term “debt resolution” shall refer to any services involving debt settlement, debt resolution, debt management, or debt negotiation.

32. For the purposes of this complaint, the term “loan modification” shall refer to any services involving loan modification, mortgage workouts, or mortgage payment reduction.

## **II. JURISDICTION AND VENUE**

33. This action is brought pursuant to Wis. Stat. § 100.18(11)(d) to enforce and restrain violations of Wis. Stat. § 100.18(1), to recover pecuniary losses suffered by Wisconsin consumers and to obtain civil penalties and forfeitures.

34. This action is brought pursuant to Wis. Stat. § 100.20(6) to enforce and restrain violations of Wis. Admin. Code ch. ATPC 127, to recover pecuniary losses suffered by Wisconsin consumers and to obtain civil penalties and forfeitures.

35. This action is brought pursuant to Wis. Stat. § 220.04(10) to enforce and restrain violations of Wis. Stat. § 218.02, and to order rescission of any acts determined to be unlawful.

36. This action is brought pursuant to Wis. Stat. § 846.45(6) to enforce and restrain violation of Wis. Stat. § 846.45, to recover pecuniary losses suffered by Wisconsin consumers and to obtain civil penalties and forfeitures.

37. Venue for this action properly lies in Dane County, Wisconsin in that the transaction, or some part thereof, giving rise to this cause of action occurred in Dane County, Wisconsin.

### **III. STATEMENT OF FACTS: LEGAL HELPERS**

#### **A. GENERAL BACKGROUND**

38. Legal Helpers is owned and operated by Manager Thomas Macey, as well as Defendants Aleman, and Searns. Defendant Hyslip is a voting member, but holds no ownership interest.

39. Legal Helpers promotes itself as one of the largest debt resolution law firms in the nation, with offices in each state.

40. On information and belief, Defendant Aleman, as President of Legal Helpers, enrolled Attorney William Murphy as a Class B member of Legal Helpers to oversee Legal Helpers' operations in the State of Wisconsin.

41. Legal Helpers purportedly conducts business in a wide range of debt resolution-related areas, including bankruptcy, Fair Debt Collection Practices Act abuse claims, debt negotiations, and financial workouts, including debt management plans.

42. From a time period known to Legal Helpers and unknown to the State, but at least from December of 2009 to April of 2012, Legal Helpers offered debt resolution services in the State of Wisconsin.

43. On information and belief, as of April 2012, Legal Helpers had enrolled approximately 1,900 Wisconsin consumers.

44. Although Legal Helpers portrays itself as a law firm, in reality, Legal Helpers' debt resolution services are provided almost entirely by third party entities, staffed by non-lawyers.

45. Legal Helpers entered into Agreements with third party service providers to "market, administer and perform its debt settlement and other related services... for client[s] of [Legal Helpers] under the direct supervision of [Legal Helpers]."

46. On information and belief, Defendants Searns and Aleman negotiated and were signatories to these Agreements with these third party providers.

47. On information and belief, at no time did Attorney Murphy or any other Wisconsin licensed attorney "directly supervise" or otherwise supervise the third party debt service providers party to these Agreements with Legal Helpers.

48. On information and belief, the third party back-end service providers were required to pay for this "direct supervision", up to \$3,000 per "compliance audit" conducted by Legal Helpers compliance department, and an additional \$600 for travel expenses for said auditors.

49. These "compliance audits" were to be conducted by Defendant Searns.

#### **B. LEGAL HELPERS' MARKETING EFFORTS**

50. Legal Helpers solicits consumers to enroll in its debt resolution program through a variety of sales and marketing efforts, including mass advertising, Internet, and direct mail solicitations.

51. From a time period known to Legal Helpers but unknown to the State, but at least until 2010, direct mail solicitations do not identify Legal Helpers as the party seeking the



Wisconsin resident's business. The solicitations urge Wisconsin consumers to call a toll free number for help settling their debt, and when they do, the call is answered by a Legal Helpers' representative. See mailers, attached hereto as Exhibits A (1) and (2)

52. On information and belief, from 2010 forward, all marketing was reviewed, approved, authorized and/or acquiesced to by Legal Helpers.

53. On information and belief, neither Attorney Murphy nor any other Wisconsin Attorney reviewed Legal Helpers' marketing material utilized in the State of Wisconsin.

54. Legal Helpers also maintained, and maintains and operates a series of websites.

55. On information and belief, neither Attorney Murphy nor any other Wisconsin Attorney reviewed Legal Helpers' websites utilized by Wisconsin consumers.

56. Legal Helpers makes and made numerous representations on its websites, to wit:

- a. "Legal Helpers Debt Resolution, LLC is a true national law firm with offices in fifty states. We are dedicated to helping consumers resolve their debt problems. We provide debt resolution services nationwide and work in professional alliance[s] with many of the nation's top reputable debt negotiation companies to assist clients as advocates for their rights."
- b. "Legal Helpers Debt Resolution, LLC has created a cutting edge debt negotiation program to provide consumers with these same types of services.... Like a security blanket, we provide all the legal and law-related services you need to resolve your debt."
- c. "When potential clients contact us, our attorneys review the consumer's current financial situation and tailor a debt resolution plan that is unique to their situation. We immediately contact your creditors and inform them to contact us, as your law firm, regarding all issues of your debt. Additionally, we have attorneys on staff to protect you from any harassing debt collectors."
- d. "Because we are a law firm, we cannot make any promises or guarantee results. However, we do have minimum performance standards that if we cannot settle your debts for 65% or less of what you owe, you will not pay our fees for settling that particular account and we will still resolve the debt to the best of our ability on your behalf."

### **C. LEGAL HELPERS' ORIGINAL BUSINESS MODEL**

57. From a point known to Legal Helpers but unknown to the State, and continuing up to and until at least October of 2010, Legal Helpers' debt settlement clients had no or virtually no contact with an attorney.

58. Under the original business model, consumers responded to Legal Helpers' solicitations by calling a toll free telephone number identified in Legal Helpers' marketing.

59. During this initial telephone conversation, consumers provided personal and financial information to a Legal Helpers' representative.

60. The Legal Helpers representative would then e-mail documents to the consumer to review and sign electronically. An electronic signature allowed immediate activation of a consumer's account.

61. During the course of the telephone sales efforts, Legal Helpers maintained they would contact every creditor and work actively with these companies to negotiate and resolve the consumer's debt for as little as 40% or less of what they owe.

#### **Legal Helpers' Attorney Retainer Agreement**

62. Legal Helpers requires the consumer to sign an Attorney Retainer Agreement for its debt resolution services. *See* same Retainer Agreement, attached hereto as Exhibit B.

63. On information and belief, neither Attorney William Murphy, nor any other Wisconsin attorney drafted, altered, or approved the use of said Attorney Retainer Agreement with Wisconsin consumers.

64. On information and belief, Attorney Retainer Agreements were pre-signed by Defendant Hyslip, who is not licensed to practice in the state of Wisconsin.

65. Under Section III of the Agreement, Legal Helpers asserts that its' staff will timely respond to all consumer inquiries and keep the client informed as to all offers of debt modification.

66. Under Section V of the Retainer Agreement, Legal Helpers states that legally trained, licensed personnel will supervise all negotiations and customer support to ensure that these services comply with established procedures.

67. Legal Helpers maintains it has "strategic alliances" with non-attorney third party entities to perform its "back-end" debt resolution services, which includes, among other things, negotiating settlements with consumers' creditors, providing customer service, and administering consumer accounts.

68. However, under Section VIII of the Agreement, Legal Helpers explains the consumer has no attorney-client relationship with the third party entities it utilizes to provide these debt resolution services; to wit:

"There is no attorney-client relationship between Client and [third party servicers] in regard to these services and any specific communication between client and [third party servicer] are not protected by attorney-client privilege."

**Legal Helpers' Welcome Packet**

69. After enrolling in Legal Helpers' debt resolution program, consumers receive a "welcome packet" from Legal Helpers.

70. The cover letter to the packet states in writing that Legal Helpers will be "representing" the consumer.

71. Legal Helpers further states in writing that it has initiated the procedures necessary to notify the consumer's creditors that the consumer is "now being represented by [Legal Helpers]."

72. The materials in the packet state that in the event that the consumer is contacted by a creditor, the consumer is to inform the creditor that they are “being represented by an attorney regarding this matter” and provide the caller with Legal Helpers’ name and toll free number of (888) 290-9312.

73. If a creditor requests an address for attorney verification, consumers are instructed to provide the address for Legal Helpers’ Main Office at the Sears Tower, 233 S. Wacker Drive, Suite 5150, Chicago, Illinois 60606.

74. If a creditor requests an address to which to mail correspondence, consumers are instructed to provide the address of Legal Helpers’ Administrative Office at 331 North Berry Street, Brea, California 92821.

75. Legal Helpers advises consumers in writing not to engage in negotiations with creditors or collection agencies that contact them. Rather, Legal Helpers states that it will contact these entities on behalf of the consumer.

76. After taking down creditor information, consumers are instructed to keep a “call log” and fax the information in to Legal Helpers so that the creditors may be contacted directly.

#### **Legal Helpers’ Fee Structure for Debt Resolution Services**

77. Legal Helpers charges consumers several non-refundable fees for its debt resolution services, which evolved over time. First, consumers pay Legal Helpers an initial flat fee of \$500.00 for “debt review, analysis, and structuring of a debt resolution plan.”

78. Consumers pay Legal Helpers a monthly maintenance fee of \$50.00, commencing in the first month of the plan.

79. If Legal Helpers is able to obtain a 65% or greater reduction of the consumer’s total scheduled debt, the consumer agrees to pay Legal Helpers a contingency fee of 5% of the

amount of debt reduction (total amount enrolled in the program less the amount of settlement). This contingency fee amount is to be reconciled at the end of the program. The \$500.00 flat fee retainer and \$50.00 monthly maintenance fee are credited towards this amount.

80. Consumers must pay the back-end third party service provider, for example CDS Client Services ("CDSCS"), 15% of their total scheduled debt for "the implementation, management, and maintenance of a debt resolution plan." This fee is referred to as the "Service Cost."

81. Legal Helpers has a non-exclusive reciprocal referral agreement with the third party service providers to provide these non-legal services "under [Legal Helpers'] direct supervision."

82. On information and belief, neither Attorney William Murphy nor any other Wisconsin attorney reviewed, approved, or contracted with the third party service providers to provide said services to Wisconsin consumers; nor did they supervise the third party service providers provision of debt settlement services to Wisconsin consumers.

83. The first three program payments are applied towards service costs and attorney fees. The balance of costs is paid by the consumer in equal, consecutive monthly payments beginning in the fourth month and continuing through to completion of the consumer's fee schedule.

84. Consumers are to set up a "dedicated" account through a third party account processor, one of which was Global Client Solutions, LLC ("Global"). The consumer creates this "special purpose account" at a bank designated by Global. The consumer authorizes a monthly Automated Clearing House ("ACH") debit from his or her personal checking account into the dedicated bank account. Legal Helpers and third party service providers take their fees

from this account, and eventually, the remainder of the money is allegedly accumulated for the purpose of settling the consumers' debts.

85. Under the Account Agreement and Disclosure Statement form, the consumer is to receive a monthly statement showing their account activity and balance by mail unless the consumer elects to receive his or her statement electronically. Legal Helpers is also required to keep consumers apprised of, and have final approval over, all debt settlement offers.

86. On information and belief, neither Attorney William Murphy nor any other Wisconsin attorney has contracted with Global or any other third party account processor to provide dedicated account services to Wisconsin consumers, nor have they reviewed said Account Agreement to which Wisconsin consumers are bound.

#### **Legal Helpers' Loan Modification Services**

87. In addition to debt resolution services, commencing at a point known to Legal Helpers but unknown to the State and continuing at least until December 2010, Legal Helpers provided loan modification services for Wisconsin consumers.

88. Consumers could access loan modification services through Legal Helper's website or the website of American Platinum Financial Services, Inc. ("APFS"), formerly found at <http://www.americanpfs.com>. Upon information and belief, APFS provided third party services for Legal Helpers in loan modification cases.

89. APFS is an Arizona corporation located at 17767 N. Perimeter Drive, Suite 13101, Scottsdale, Arizona 85255.

90. Consumers who called Legal Helpers or APFS provided the consultant full disclosure of their financial information in order to determine whether they qualified for Legal Helpers' loan modification program.

91. During the course of its telephone sales efforts, Legal Helpers made the following representations:

- a. Legal Helpers had “special relationships” with banks which allowed Legal Helpers to quickly and effectively navigate and facilitate the loan modification process; and
- b. Loan modification could easily be obtained within three months.

92. After a review of their file by a “financial auditor,” the consumer was accepted into Legal Helpers’ loan modification program.

**Legal Helpers’ Loan Modification Attorney Retainer Agreement**

93. Once a consumer enrolled in its loan modification program, Legal Helpers required that the consumer sign an Attorney Retainer Agreement for its loan modification services. *See* Attorney Retainer Agreement, attached hereto as Exhibit C.

94. On information and belief, neither Attorney William Murphy, nor Attorney Greg Straub, nor any other Wisconsin attorney drafted, altered, or approved the use of said Attorney Retainer Agreement with Wisconsin consumers.

95. Under Section V of the Agreement, Legal Helpers subcontracted “certain law-related tasks including negotiations with mortgage servicers” and certain customer support responsibilities to third parties while under its supervision.

96. Legal Helpers entered into “strategic alliances” with non-attorney third party groups to perform its “back-end” loan modification services, which included, among other things, negotiating settlements, providing customer service, and administering consumer accounts.

97. Under Section VIII of the agreement the implementation, management, maintenance, and supervision of the loan modification plan was performed under the “direct supervision of [Legal Helpers] attorneys” by APFS.

98. APFS implemented, managed, maintained, and supervised the consumers’ work out, yet, according to the consumers’ contract with Legal Helpers, there is no attorney-client relationship between the consumer and APFS, and any communications between APFS and the consumer are not protected by attorney-client privilege.

99. On information and belief, neither Attorney William Murphy, nor Attorney Greg Straub, nor any other Wisconsin attorney reviewed, approved, or contracted with APFS to provide said services to Wisconsin consumers.

#### **Legal Helpers’ Loan Modification Welcome Packet**

100. After enrolling in Legal Helpers’ loan modification program, consumers received a “welcome packet” from Legal Helpers. This packet included a welcome letter and paperwork for the consumer to complete, sign, and return, including a request for a tax transcript, letter of financial hardship, Home Affordable Mortgage Program (“HAMP”) affidavit, and other documents. In addition, consumers were required to provide income documentation or profit statements, bank statements, federal tax returns, a mortgage statement, a recent utility bill, and any other information Legal Helpers deemed necessary.

101. Once all of this information was received, Legal Helpers purportedly began work on obtaining a loan modification for the consumer.

102. Legal Helpers charged consumers a “flat fee” pursuant to the loan modification retainer agreement and a payment schedule scheme. *See* Attorney Retainer Agreement, attached herein as Exhibit C.



103. The “flat fee” was comprised of two fees - a “processing flat fee,” and a “mitigation flat fee,” which was equal to one of the client’s pre-modified monthly mortgage payments or a minimum of \$1,000.00, whichever was greater.

#### **D. LEGAL HELPERS’ RECENT BUSINESS MODEL**

104. On information and belief, at a time known to Legal Helpers but unknown to the State, but after October 2010, Legal Helpers commenced a modified business model and purportedly ceased offering loan modifications.

105. Among Legal Helpers’ changes to its business model was the offer of a free face-to-face consultation between enrolling consumers and Legal Helpers.

106. Beyond the initial attorney meeting, consumers report they only dealt with non-lawyers.

107. In addition, Legal Helpers’ fee structure changed. One new fee structure requires a \$900.00 initial retainer fee, an on-going monthly fee of \$79.00, and a Service Cost of 15% of the total scheduled debt for the implementation, management and maintenance of the debt resolution plan. There is no 5% contingency fee of the amount of debt reduction accomplished. Unlike the previous model, these fees cover some limited litigation support services. *See* Attorney Retainer Agreement, attached hereto as Exhibit D.

108. Another new fee structure requires a \$500.00 initial retainer fee and, in addition, payment of a contingency fee of 5% of the amount of debt reduction accomplished. This contingency fee includes a credit of the initial retainer fee and other administrative legal fees paid by the consumer pursuant to the Retainer Agreement. This fee structure requires a 10% Enrollment Fee of the consumer’s total scheduled debt and a monthly service fee not to exceed 5% of the total scheduled debt. *See* Attorney Retainer Agreement, attached hereto as Exhibit E.

## **E. WISCONSIN CONSUMERS' EXPERIENCE WITH LEGAL HELPERS**

109. In the last three years, the State of Wisconsin has received upwards of 70 complaints from consumers who contracted with Legal Helpers.

110. Consumers are led to believe they will be represented by a lawyer in their negotiations with creditors and with applying for a loan modification.

111. In fact, under Legal Helpers' original business model consumers never met with an attorney. Consumers were not even given the name of an attorney, let alone their contact information, should they have questions of "their attorney."

112. Wisconsin consumers' contracts are signed by Jeffrey Hyslip, who is an attorney not licensed or otherwise licensed to practice in the State of Wisconsin.

113. When consumers do pose questions to Legal Helpers, consumers report that attorneys do not call them back; non-attorneys do.

114. Even when consumers have a change in financial circumstance, and need to modify their payment plan, they do not consult with an attorney to determine whether they need to change course, file bankruptcy, or alter their debt settlement plan in any way. Instead, consumers are told by a non-attorney they cannot alter their plan and must continue paying installments as required by the contract.

115. Indeed, the consumer's primary point of contact for their contract with Legal Helpers is with the back-end service provider with whom Legal Helpers contracts, but with whom *the consumer* does not have an attorney-client relationship according to the consumer's Attorney Retainer Agreement with Legal Helpers.

116. Under the original business model for its debt settlement services, if a consumer was sued by a creditor, Legal Helpers did not provide in-court legal representation without an additional fee.

117. Under the original business model for its loan modification services, Legal Helpers did not provide in-court legal representation for consumers seeking a loan modification without an additional fee.

118. Even under Legal Helpers' modified business model, many consumers who have an initial face-to-face consultation with an attorney report they have no further contact with that attorney or any other for that matter. Moreover, these consumers do not believe that the attorney with whom they initially consult face-to-face represents them.

119. Where consumers do in fact meet with attorneys when first being enrolled in Legal Helpers' debt settlement program, the attorneys with whom they meet maintain that no attorney-client relationship is being established between that licensed Wisconsin attorney and the Wisconsin consumer.

120. The Legal Helpers Wisconsin attorneys further explain that when a consumer who is enrolled in the Legal Helpers debt settlement program calls with questions about the program, the attorney is instructed to refer the call to the Chicago headquarters of Legal Helpers.

121. The Legal Helpers Wisconsin attorneys who signed the debt resolution documents with Wisconsin consumers report they have no further contact with these consumers, and do not consider them their clients.

122. On information and belief, consumer funds paid to Legal Helpers for debt settlement services are not held in a client trust/IOLTA account, but are instead held in an out of state bank administered by a third party. *See* agreement, attached herein as Exhibit F.

123. Often times the consumer is unaware of whom to contact if they have a question or concern regarding their account. Consumers may be in contact with many individuals who are all purportedly overseeing the consumer's account and have full access to the consumer's financial and account information. These individuals have different contact information and job titles, and work for third parties.

124. In other instances, consumers have difficulty contacting anyone at all, and as such the consumer may be left entirely unaware as to the status of their account.

125. Contrary to the positive results represented by Legal Helpers, many consumers faced severe, negative consequences as a result of participating in Legal Helpers' debt resolution and loan modification programs.

126. Consumers report that Legal Helpers regularly lost or misplaced documents and failed to timely consult with their creditors.

127. Consumers report that Legal Helpers instructs them to fill out logs of all creditor calls and send them to Legal Helpers, so that Legal Helpers can contact the creditors and attempt to have the calls cease or at least, lessen. However, consumers report that even when they do complete the log and send them to Legal Helpers, they do not experience any decrease in calls from creditors.

128. Legal Helpers takes substantial up-front fees before it negotiates with consumers' creditors. For several months, most, if not all, of the consumers' monthly payment is devoted solely to Legal Helpers' fees.

129. Legal Helpers asserts that it will provide full and adequate negotiation services for its clients but consumers report that some creditors refuse to negotiate with Legal Helpers.

130. Despite Legal Helpers' advertising that it will immediately contact consumers' creditors and inform the creditors of all circumstances surrounding consumers' debt, consumers have been told first-hand by their creditors they were never contacted by Legal Helpers.

131. For consumers who were able to and were in fact making minimum payments to creditors, Legal Helpers instructed them to stop making these payments, causing the consumers' financial situations to worsen.

132. As a result of not making payments to creditors, consumers face additional interest on their outstanding balances. Interest rates may increase, late charges are assessed, and other fees may be imposed.

133. Similarly, in instances where Legal Helpers fails to perform its duties and settle outstanding debts, consumers face substantially stiffer penalties and fees than had the debt been addressed from the beginning.

134. Consumers report being unable to obtain written records of settlement offers or other requests from creditors that are kept by Legal Helpers.

135. Consumers report being unaware of the status of their debt settlement account due to Legal Helpers' failure to provide them with regularly occurring monthly statements as required under the Account Agreement and Disclosure Statement.

136. Consumers report Legal Helpers settled accounts with creditors without obtaining the consumer's consent or approval, contrary to the Attorney Retainer Agreement.

137. Consumers report Legal Helpers withdrew its monthly retainer and/or maintenance fee even after the consumer had cancelled his or her service with Legal Helpers.

138. Although Legal Helpers does not guarantee debt settlement or reduction in all cases, Legal Helpers has taken substantial payments from some consumers with no return. On

one occasion, Legal Helpers withdrew a total of \$9,526.91 from a consumer account, failed to reduce or settle any of the consumer's debt, then returned only a small fraction of the withdrawn funds to the consumer. Another consumer reported giving over \$18,000.00 to Legal Helpers and no debt was negotiated and resolved.

139. On information and belief, Legal Helpers has collected millions of dollars in illegal upfront fees from Wisconsin consumers.

#### **IV. VIOLATIONS**

##### **COUNT I**

##### **Fraudulent Representations**

##### **Wis. Stat. § 100.18(1)**

140. Plaintiff re-alleges all preceding paragraphs of the complaint and incorporates them herein.

141. Wisconsin Stat. § 100. 18(1) provides:

No person, firm, corporation or association, or agent or employee thereof, with intent to sell, distribute, increase the consumption of or in any wise dispose of any real estate, merchandise, securities, employment, service, or anything offered by such person, firm, corporation or association, or agent or employee thereof, directly or indirectly, to the public for sale, hire, use or other distribution, or with intent to induce the public in any manner to enter into any contract or obligation relating to the purchase, sale, hire, use or lease of any real estate, merchandise, securities, employment or service, shall make, publish, disseminate, circulate, or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in this state, in a newspaper, magazine or other publication, or in the form of a book, notice, handbill, poster, bill, circular, pamphlet, letter, sign, placard, card, label, or over any radio or television station, or in any other way similar or dissimilar to the foregoing, an advertisement, announcement, statement or representation of any kind to the public relating to such purchase, sale, hire, use or lease of such real estate, merchandise, securities, service or employment or to the terms or conditions thereof, which advertisement, announcement, statement or representation contains any assertion, representation or statement of fact which is untrue, deceptive or misleading.

142. Legal Helpers committed numerous violations of Wis. Stat. § 100.18(1) by making untrue, deceptive, or misleading representations in the course of marketing of its debt resolution services to Wisconsin consumers with the intent to induce consumers to enter into its sales contracts, to wit:

- a. Misrepresenting that Legal Helpers sends letters of representation to all creditors of the consumer to achieve financial workouts, when in fact some creditors were not aware of Legal Helpers' presence at all;
- b. Misrepresenting that it has a special relationship with creditors to achieve financial workouts for consumers, when in fact some creditors refuse to negotiate with Legal Helpers;
- c. Misrepresenting that its staff will timely respond to all consumer inquiries and keep the consumer informed as to all offers of debt modification and mortgage workouts, when in fact consumers and creditors have had continual difficulty reaching Legal Helper's office either by phone or mail;
- d. Misrepresenting that its clients are kept aware of account finances via regularly occurring monthly statements as required under the Account Agreement and Disclosure Statement form, when in fact some consumers did not regularly receive such statements and thus were entirely unaware as to the status of their account;
- e. Misrepresenting that in the event Legal Helpers cannot meet minimum performance standards the consumer will not be charged and part of the debt will still be resolved, when in fact some consumers were still charged fees or never received a refund for Legal Helper's services; and
- f. Misrepresenting that consumers will be represented by a law firm for debt settlement and loan modification services, when in fact all debt settlement, loan modification and related services are provided by non-law firm, third parties.

143. Defendants Hyslip, Searns, and Aleman are liable for the foregoing violations inasmuch as they had actual or constructive knowledge of, participated in, approved, ratified, endorsed, directed, or controlled or otherwise had the ability to control the acts and practices that form the basis for the violations.

**COUNT II**  
**Misrepresentation – Direct Mail Solicitation**  
**Wis. Stat. § 100.20 and Wis. Admin. Code § ATCP 127.44**

144. Plaintiff re-alleges all preceding paragraphs of the complaint and incorporates them herein.

145. Wisconsin Admin. Code § ATCP 127.30(2) defines “Mail solicitation” as:

a written or graphic solicitation, under s. ATCP 127.01 (22), that a seller delivers by mail or other means to a consumer’s residence or to a consumer who is individually identified in the solicitation.

146. At all times relevant to this complaint, Legal Helpers’ post card mailers constitute a “Mail solicitation” as defined by Wis. Admin. § ATCP 127.30(2).

147. Wisconsin Admin. Code § ATCP 127.44(5) requires:

No seller may do any of the following, directly or by implication, in a mail transaction:

Misrepresent the nature, quantity, material characteristics, performance or efficacy of the goods or services offered or promoted by a seller.

148. Legal Helpers committed multiple, separate violations of Wis. Admin. Code § ATCP 127.44(5) by making untrue, deceptive, or misleading representations in the course of marketing its debt resolution and loan modification services to Wisconsin consumers with the intent to induce consumers to enter into its sales contracts, to wit:

- a. Misrepresenting that Legal Helpers sends letters of representation to all creditors of the consumer to achieve financial workouts, when in fact some creditors were not aware of Legal Helpers’ presence at all;
- b. Misrepresenting that it has a special relationship with creditors to achieve financial workouts for consumers, when in fact some creditors refuse to negotiate with Legal Helpers;
- c. Misrepresenting that its staff will timely respond to all consumer inquiries and keep the consumer informed as to all offers of debt



modification and mortgage workouts, when in fact consumers and creditors have had continual difficulty reaching Legal Helper's office either by phone or mail;

- d. Misrepresenting that its clients are kept aware of account finances via regularly occurring monthly statements as required under the Account Agreement and Disclosure Statement form, when in fact some consumers did not regularly receive such statements and thus were entirely unaware as to the status of their account;
- e. Misrepresenting that in the event Legal Helpers cannot meet minimum performance standards the consumer will not be charged and part of the debt will still be resolved, when in fact some consumers were still charged fees or never received a refund for Legal Helper's services; and
- f. Misrepresenting that consumers will be represented by a law firm for debt settlement and loan modification services, when in fact all debt settlement, loan modification and related services are provided by non-law firm, third parties.

149. Defendants Hyslip, Searns, and Aleman are liable for the foregoing violations inasmuch as they had actual or constructive knowledge of, participated in, approved, ratified, endorsed, directed, or controlled or otherwise had the ability to control the acts and practices that form the basis for the violations.

**COUNT III**  
**Opening Disclosures -- Direct Mail Solicitation**  
**Wis. Stat. § 100.20 and Wis. Admin. Code ch. ATCP 127.32**

150. Plaintiff re-alleges all preceding paragraphs of the complaint and incorporates them herein.

151. Wisconsin Admin. Code § ATCP 127.32 provides:

(1) Disclosures required. A mail solicitation shall disclose all of the following in writing:

(a) The name of the principal seller.

**Note:** For example, a firm making mail solicitations on behalf of another company must disclose the name of the company for

which it is acting as agent. The firm may also disclose its own identity, but is not required to do so.

152. Legal Helpers violated Wis. Admin. Code § ATCP 127.32 by sending out mailers or authorizing third parties to send out mailers on its behalf which contained the name of the third party agent but not the principal seller, Legal Helpers.

153. Each mailer which failed to disclose the principal seller, Legal Helpers, constitutes a separate violation.

154. Defendants Hyslip, Searns, and Aleman are liable for the foregoing violations inasmuch as they had actual or constructive knowledge of, participated in, approved, ratified, endorsed, directed, or controlled or otherwise had the ability to control the acts and practices that form the basis for the violations.

#### **COUNT IV**

##### **Operating Without a License as an Adjustment Service Company Wis. Stat. §§ 218.01 and 02 and Wis. Admin. Code § DFI-Bkg 73.01**

155. Plaintiff re-alleges all preceding paragraphs of the complaint and incorporates them herein.

156. Wisconsin Stat. § 218.02(1)(a) defines “adjustment service company” as follows:

“Adjustment service company,” hereinafter called company, shall mean a corporation, limited liability company, association, partnership or individual engaged as principal in the business of prorating the income of a debtor to the debtor’s creditor or creditors, or of assuming the obligations of any debtor by purchasing the accounts the debtor may have with the debtor’s several creditors, in return for which the principal receives a service charge or other consideration.

157. Wisconsin Admin. Code § DFI Bkg 73.01 outlines appropriate fees for licensees:

**Fees of licensees.** The fees permitted in this section are the only fees that may be assessed the debtor and include all charges of any kind or nature whatsoever. The fees shall be agreed upon in advance and stated in the contract or agreement established between the licensee and debtor. The

fees for distributing funds may not be assessed the debtor until the debtor has made payment to the licensee for distribution to a creditor or creditors.

(1) Both of the 2 alternative fee plans set forth below may be used when contracting services with a debtor:

(a) The maximum monthly fee charged the debtor shall not exceed 10% of the amount of money paid to the licensee to be distributed to a creditor or creditors or \$120 in any one calendar month, whichever is less.

(b) A licensee may accept voluntary fees or contributions from the creditor or creditors in an amount not to exceed 15% of the funds disbursed to the individual creditor or creditors. The disbursements may not show discrimination based upon the creditors' willingness to make voluntary contributions to the licensee. If the fee is deducted from the disbursement, remittance records shall disclose the total amount credited to the individual accounts of the debtor. This amount must also be reflected in the disbursement record furnished the creditor or creditors.

(2) A single, one time, budget set up charge not to exceed \$50, or \$25 if the debtor continues with a debt adjustment plan administered by the licensee may be assessed.

(3) No fee may be charged on any money advanced or returned to the debtor.

158. Legal Helpers is not licensed as an adjustment service company in Wisconsin, in violation of Wis. Stat. § 218.02(2)(a)1.

159. Legal Helpers has violated Wis. Admin. Code § DFI-Bkg 73.01, by charging more than the allowable monthly fee, and by charging a budget set-up fee of more than \$25.

160. Legal Helpers has violated Wis. Admin. Code § DFI-Bkg 73.01, by charging monthly fees to debtors in excess of the lesser of 10% of the amount of money paid to Legal Helpers to be distributed to a creditor or creditors or \$120 in any one calendar month.

161. Legal Helpers is engaging in oppressive and deceptive practices, and charging fees in violation of Wis. Stat. § 218.02.

162. Defendants Hyslip, Searns, and Aleman are liable for the foregoing violations inasmuch as they had actual or constructive knowledge of, participated in, approved, ratified, endorsed, directed, or controlled or otherwise had the ability to control the acts and practices that form the basis for the violations.

**COUNT V**  
**Violations of Foreclosure Consultant Statute**  
**Wis. Stat. § 846.45**

163. Plaintiff re-alleges all preceding paragraphs of the complaint and incorporates them herein.

164. Wisconsin Stat. § 846.45(4) provides:

Violations. It is a violation of this section for a foreclosure consultant to do any of the following:

(a) Claim, demand, charge, collect, or receive any compensation until after the foreclosure consultant has fully performed each and every service the foreclosure consultant contracted to perform or represented that he or she would perform.

165. Legal Helpers collected up-front fees from consumers prior to performing services as a foreclosure consultant in violation of Wis. Stat. § 846.45.

166. Each transaction under Wis. Stat. § 846.45 is a separate violation.

167. The number of foregoing violations, which is based on the exact number and identity of Wisconsin consumers enrolled in Legal Helpers' loan modification program, is known to Defendant but unknown to the State of Wisconsin at this time.

168. Defendants Hyslip, Searns, and Aleman are liable for the foregoing violations inasmuch as they had actual or constructive knowledge of, participated in, approved, ratified, endorsed, directed, or controlled or otherwise had the ability to control the acts and practices that form the basis for the violations.

**COUNT VI**  
**Demand for Temporary Injunction**  
**Wis. Stat. § 813.02**

169. Plaintiff re-alleges all preceding paragraphs of the complaint and incorporates them herein.

170. Wisconsin Statute § 813.02(1)(a) provides:

When it appears from a party's pleading that the party is entitled to judgment and any part thereof consists in restraining some act, the commission or continuance of which during the litigation would injure the party, or when during the litigation it shall appear that a party is doing or threatens or is about to do, or is procuring or suffering some act to be done in violation of the rights of another party and tending to render the judgment ineffectual, a temporary injunction may be granted to restrain such act.

171. Plaintiff has a strong or substantial likelihood or probability of success on the merits.

172. Should Legal Helpers continue to operate in the State of Wisconsin, consumers will suffer irreparable injury.

173. Granting a preliminary injunction in this matter will not harm third parties.

174. The public interest would be served by issuing the preliminary injunction as Legal Helpers will be prevented from doing further financial harm to the consumers of Wisconsin.

175. For these reasons, the Court should temporary enjoin Legal Helpers from conducting business in the State of Wisconsin.

### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff, State of Wisconsin, demands relief against Defendants as follows:

(A) Finding that Defendants violated Wis. Stat. §§ 100.18, 100.20, 218.02, 846.45 and Wis. Admin. Code ch. ATPC 127, subchapter III.

(B) Finding that each violation of Wis. Stat. §§ 100.18, 100.20, 218.02, 846.45 and Wis. Admin. Code ch. ATPC 127, subchapter III is a separate offense.

(C) Enjoining Defendants, their successors, assigns, officers, directors, agents, dealers, servants, employees, representatives, solicitors, and all persons acting or claiming to be acting on their behalf, pursuant to Wis. Stat. §§ 100.18(11)(d), 100.20(6), and 200.04(10) from conducting business operations in violation of Wis. Stat. §§ 100.18, 100.20, Wis. Admin. Code ch. ATPC 127, and Wis. Stat. § 218.02.

(D) Ordering Defendants to restore any pecuniary losses suffered by any person because of Defendants' acts or practices in violation of Wis. Stat. § 100.18(1).

(E) Pursuant to Wis. Stat. § 220.04(10), ordering Defendants to rescind all acts determined to be in violation of Wis. Stat. § 218.02.

(F) Imposing civil forfeitures against Defendants in the amount of not less than \$50.00 nor more than \$200.00 for each violation of Wis. Stat. § 100.18(1), and not less than \$100.00 nor more than \$10,000.00 for each violation of Wis. Admin. Code ch. ATPC 127, pursuant to Wis. Stat. §§ 100.20(6) and 100.26(6), plus all applicable assessments.

(G) Imposing penalties on Defendants in the amount of not more than \$500.00 or by imprisonment in the county jail for not more than 90 days, or by both such fine and imprisonment, in violation of Wis. Stat. § 218.02.

(H) Imposing civil forfeitures against Defendants in the amount of not less than \$100.00 nor more than \$10,000.00 for each violation of Wis. Stat. § 846.45, pursuant to Wis. Stat. § 846.45(6)(d).

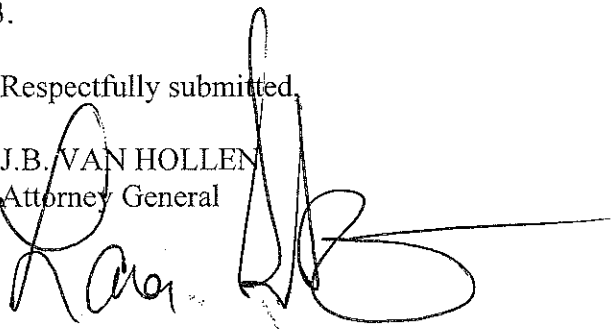
(I) An order awarding the State, pursuant to Wis. Stat. § 100.263, the expenses of investigation and prosecution, including attorneys fees, relating to enforcement of Defendants' violations of Wis. Stat. § 100.18(1).

(J) Providing such other and further equitable relief as justice and equity may require.

Dated this 12 day of June, 2013.

Respectfully submitted,

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