

**IN THE COURT OF COMMON PLEAS
DELAWARE COUNTY, OHIO**

STATE OF OHIO ex rel.
OHIO ATTORNEY GENERAL
MICHAEL DEWINE
30 E. Broad Street, 14th Floor
Columbus, Ohio 43215

Plaintiff,

v.

LEGAL AID SERVICES, INC.
2428 N. Grand Ave, Suite I
Santa Ana, California 92705

and

FLOYD GEORGE BELSITO, individually
and
d/b/a LEGAL AID SERVICES, INC.
5832 Beck Circle
Huntington Beach, California 92649

Defendants.

CASE NO. **15-CVH-110772**

JUDGE **EVERETT H. KRUEGER**

**COMPLAINT AND REQUEST
FOR DECLARATORY JUDGMENT,
INJUNCTIVE RELIEF,
CONSUMER DAMAGES, AND
AND CIVIL PENALTIES**

COMMON PLEAS COURT
DELAWARE COUNTY, OHIO
FILED
2015 NOV 19 PM 3:37
JAN ANTONOPLES
CLERK

JURISDICTION AND VENUE

1. Plaintiff, State of Ohio, through counsel Attorney General of Ohio, Michael DeWine, having reasonable cause to believe that violations of Ohio's consumer protection laws have occurred, brings this action in the public interest and on behalf of the State of Ohio under the authority vested in the Attorney General by R.C. 1345.07.
2. The actions of Defendants Legal Aid Services, Inc. and Floyd G. Belsito ("Defendants"), hereinafter described, have occurred in the State of Ohio, in Delaware County and in other counties in Ohio and, as set forth below, 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.

3. Jurisdiction over the subject matter of this action lies with this Court pursuant to R.C. 1345.04 of the CSPA.
4. This Court has venue to hear this case pursuant to Ohio Civ. R. 3(B)(3), in that Delaware County, Ohio is where Defendants conducted some of the transactions complained of herein.

DEFENDANTS

5. Defendant Legal Aid Services, Inc. ("Legal Aid Services") is a California corporation registered with the California Secretary of State. Upon information and belief, Legal Aid Services has been suspended by California's Franchise Tax Board for failure to meet tax requirements.
6. Defendant Legal Aid Services represented that its principal place of business was located at 2424 N. Grand Avenue, Suite I, Santa Ana, California, 92705.
7. At other times, Defendant Legal Aid Services has represented that its place of business was 1525 E. 17th Street, Suite K, Santa Ana, California, 92705.
8. Defendant Belsito is a natural person who resides at 5382 Beck Circle, Huntington Beach, California, 92649.
9. Defendant Belsito did business as Legal Aid Services.
10. Upon information and belief, Defendant Belsito directed, supervised, approved, formulated, authorized, ratified, benefited from, and/or otherwise participated in the acts and practices of Legal Aid Services, as described in this Complaint.
11. At all times relevant to this action, Defendant Legal Aid Services was not registered with the Ohio Secretary of State as a foreign corporation.
12. 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.

13. 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.
14. 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.
15. Defendant Belsito was never licensed to practice law in Ohio.
16. 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).
17. Defendants engage 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.

STATEMENT OF FACTS

18. 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.
19. Defendants held themselves out as being a law firm that would provide services to consumers, despite employing no lawyers who were licensed in Ohio.
20. 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.

21. 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.
22. Defendants accepted money from consumers for the purpose of obtaining mortgage loan modifications for the consumers.
23. Defendants charged Ohio consumers initial fees in amounts of \$3,000 or more, prior to the initiation of any services.
24. Defendants charged Ohio consumers fees or contributions in excess of One Hundred Dollars (\$100.00) per calendar year for their loan modification services.
25. Defendants failed to provide services that were promised to consumers.
26. Defendants failed to obtain loan modifications for consumers.
27. Consumers who did not receive the service of having their mortgage loans modified requested refunds of the money they had paid to Defendants.
28. Defendants failed to provide full refunds to consumers for whom they did not deliver the promised outcome.
29. 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.
30. 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.

FIRST CAUSE OF ACTION

Violations of the CSPA

31. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in paragraphs One through Thirty (1-30) of this Complaint.
32. Defendants engaged in unfair or deceptive acts or 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.
33. Defendants committed unfair or deceptive acts or 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.
58. Defendants committed unfair or deceptive acts or 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. Such acts and practices have been previously determined by Ohio courts to violate the CSPA. Defendants committed said violations after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

SECOND CAUSE OF ACTION

Violations of the Debt Adjuster's Act

35. Plaintiff incorporates by reference, as if completely rewritten herein, the allegations set forth in paragraphs One through Thirty (1-30) of this Complaint.

36. Defendants committed unfair or deceptive acts or 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.
37. Such acts and practices have been previously determined by Ohio courts to violate the CSPA. Defendants committed said violations after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

PRAYER FOR RELIEF

- A. **ISSUE A PERMANENT INJUNCTION** enjoining Defendants Legal Aid Services, Inc. and Floyd G. 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, from engaging in the acts or practices of which Plaintiff complains 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 alleged to have been violated herein.
- B. **ISSUE A DECLARATORY JUDGMENT** that each act or practice complained of herein violates 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., in the manner set forth in this Complaint.

- C. **ORDER** Defendants Legal Aid Services, Inc. and Floyd G. Belsito, pursuant to R.C. 1345.07(B), to pay all actual damages, including non-economic damages, to all consumers injured by the conduct of the Defendants as set forth in this Complaint.
- D. **ASSESS, FINE, AND IMPOSE** upon Defendants Legal Aid Services, Inc. and Floyd G. Belsito civil penalties of Twenty-Five Thousand Dollars (\$25,000) for each separate and appropriate violation described herein pursuant to R.C. 1345.07(D).
- E. **GRANT** Plaintiff its costs in bringing this action.
- F. **ORDER** Defendants to pay all court costs.
- G. **ISSUE AN INJUNCTION** prohibiting Defendants 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.
- H. **GRANT** such other relief as the Court deems to be just, equitable, and appropriate.

Respectfully submitted,

MICHAEL DEWINE
Ohio Attorney General



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