STATE OF NORTH CAROLINA WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE SUPERIOR COURT DIVISION

FILE NO. 10CV010134

STATE OF NORTH CAROLINA, ex rel. Roy Cooper, Attorney General, Plaintiff,)	8 Y	WAKE CO	2011	· · · · · · · · · · · · · · · · · · ·
v. HAZELTON MANAGEMENT, LLC, THE CARLEY GROUP, LLC, and REGINALD KEITH TURNER, individually and in his capacity as owner and president of Hazelton Management, LLC., and The Carley Group,))))	DEFAULT JUDGMENT	CONTY C.S.C.	5 PM 12: 46	Statement of the statem
LLC. Defendants.)				

THIS CAUSE came on to be heard before the undersigned judge on the Plaintiff State of North Carolina's motion for a default judgment against defendants Hazelton Management, LLC, The Carley Group, LLC, and Reginald Keith Turner. The defendants did not appear and were not represented by counsel. From the record herein and argument of counsel, the Court finds as follows:

- 1. The Court has jurisdiction over the parties and subject matter.
- 2. The State filed its Complaint in this action on 14 June 2010. In its Complaint, the State alleged that the defendants were operating their business in violation of North Carolina's debt adjusting laws, G.S. § 14-423, et seq., by charging homeowners illegal advance fees for

purported mortgage loan modification and foreclosure assistance services; and in violation of G.S. § 75-1.1 by making deceptive representations and engaging in other unfair and deceptive trade practices. The Complaint alleged that the defendants solicited homeowners in foreclosure, or in danger of foreclosure, and advised such homeowners that the defendants could save their homes from foreclosure by negotiating with the homeowner's mortgage lender to modify the homeowner's mortgage loan to obtain reduced interest rates and lower monthly payments or other lender concessions. The Complaint further alleged that the defendants charged illegal advance fees prohibited by North Carolina law, and failed to provide any assistance or services to homeowners. Along with its Complaint, the State filed a motion seeking temporary and preliminary injunctive relief, supported by the affidavits of five (5) consumer victims of the defendants, Ronal E. Alston, Lisa Austin, Mark Dungee, Willie L. Pinkney, and Tammy Reeves.

- 3. The North Carolina Debt Adjusting statute, G.S. § 14-423, et seq., prohibits the practice of debt adjusting in this State. Included within the definition of debt adjusting is the practice of "foreclosure assistance" or "debt settlement" where fees are charged "in advance of the debt settlement having been completed or in advance of all the services agreed to having been rendered in full." A violation of the Debt Adjusting statute is a criminal misdemeanor, G.S. § 14-424. The statute, G.S. § 14-425, also authorizes the Attorney General to obtain injunctive relief, consumer refunds, and attorneys fees.
- 4. In support of its Motion for a Default Judgment, the State has submitted the affidavit of David C. Evers, a Consumer Specialist with the Department of Justice, attesting that:

 (a) the State issued a letter to defendants Hazelton Management, LLC and Reginald Keith Turner on November 21, 2008, demanding that they immediately cease and desist from offering their

illegal foreclosure assistance and loan modification services, and from collecting any illegal fees for such services; (b) defendant Turner responded in writing confirming receipt of the State's letter, and assuring that he and Hazelton would comply with North Carolina law; and (c) despite the State's demand, defendant Turner subsequently incorporated defendant The Carley Group, LLC, and defendants continued their illegal foreclosure assistance and loan modification activities.

- 5. Mr. Evers further attested that (a) the North Carolina Attorney General's Office has received complaints from twenty-four (24) consumers who were solicited by defendants, most of whom paid defendants for foreclosure assistance and mortgage loan modification services; (b) these consumers paid defendants a total of \$32,804.00 for foreclosure assistance and loan modification services but received no meaningful services; and (c) the State has substantial reason to believe that there are many other consumers who have paid the defendants for foreclosure assistance and loan modification services, but whose identities are not known to the State since the defendants failed to respond to the State's Complaint, and the defendants have apparently ceased business operations in the State.
- 6. An entry of default was entered against defendants Hazelton Management, LLC, The Carley Group, LLC, and Reginald Keith Turner by the Assistant Clerk of Court of Wake County on 28 September 2010.
- 7. Defendants Hazelton Management, LLC, The Carley Group, LLC, and Reginald Keith Turner have failed to plead or to appear in this action, and are subject to a default judgment as provided by Rule 55(b)(2) of the North Carolina Rules of Civil Procedure.
 - 8. Defendants Hazelton Management, LLC, The Carley Group, LLC, and Reginald

Keith Turner are not infants or incompetent persons, and are subject to the jurisdiction of this Court.

9. From the affidavits and record in this case, the State has made a sufficient showing to support its allegations and the entry of this judgment.

BASED ON THE FOREGOING and the record herein, the Court concludes that good and sufficient cause exists for entry of this Default Judgment and permanent injunction pursuant to G.S. §§ 14-425 and 75-14.

IT IS THEREFORE ORDERED that the defendants, their officers, agents, employees, and all persons acting in concert with them are hereby permanently enjoined from:

- (1) Advertising, soliciting, or offering any loan modification, foreclosure assistance, loan audit, or other debt relief services to consumers, in violation of North Carolina law, including N.C. Gen. Stat. §§ 14-423, et seq., and § 75-1.1;
- (2) Entering into contracts or other agreements with consumers for the performance of loan modification, foreclosure assistance, loan audit, or other debt relief services, in violation of North Carolina law, including N.C. Gen. Stat. §§ 14-423, et seq., and § 75-1.1;
- Collecting any advance fees or other consideration from consumers for the performance of loan modification, foreclosure assistance, loan audit, or other debt relief services, in violation of North Carolina law, including N.C. Gen. Stat. §§ 14-423, et seq. and § 75-1.1;
- (4) Engaging in unfair or deceptive practices in the offering or conduct of any

services related to loan modification, foreclosure assistance, loan audit, or other debt relief services; and

(5) Engaging in any of the foregoing activities or practices set forth in paragraphs (1) through (4) above, whether directly or indirectly, individually, or in affiliation with any other parties.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the plaintiff State of North Carolina, pursuant to G.S. § 14-425, G.S. § 75-1.1, G.S. § 75-15.1, and G.S § 75-16.1, shall have and recover of the defendants Hazelton Management, LLC, The Carley Group, LLC, and Reginald Keith Turner, jointly and severally, the principal sum of thirty-two thousand eight hundred and four dollars (\$32,804.00), to be applied toward consumer restitution, attorney fees, and costs of this action. Pursuant to G.S. § 75-15.2, the State shall further have and recover of the defendants Hazelton Management, LLC, The Carley Group, LLC, and Reginald Keith Turner, jointly and severally, the sum of fifty thousand dollars (\$50,000.00) for civil penalties.

This the _______day of January, 2011.

Superior Court Judge