STATE OF NORTH CAROLINA IN THE GENERAL COURT OF JUSTICE 2012 FEB 27 PM J: 57 SUPERIOR COURT DIVISION WAKE COUNTY FILE NO. 11 CV 007134 VARE COUNTY, C.S.C. STATE OF NORTH CAROLINA, ex rel. Roy Cooper, Attorney General, Plaintiff, CONSENT JUDGMENT ٧. EDWARD "EDDIE" PHILLIP LONG, JR., individually, and doing business as CREDIT ENHANCEMENT SERVICES, LLC. Defendant.

THIS CAUSE came on before the undersigned judge for entry of a Consent Judgment. It appears to the Court that the parties have resolved the matters in controversy between them and have consented to the terms of this judgment. The Court further finds that good cause exists for the entry of this Consent Judgment and permanent injunction. The Court, with the consent of the parties, finds as follows:

- 1. The Court has jurisdiction over the parties and subject matter.
- 2. The State filed its Complaint on May 6, 2011. In its Complaint, the State alleged that the defendant was operating his business in violation of North Carolina's debt adjusting laws, N.C. Gen. Stat. § 14-423, et seq., by charging homeowners advance fees for foreclosure assistance and mortgage loan modification services, and in violation of N.C. Gen. Stat. § 75-1.1

by making deceptive representations and engaging in other unfair and deceptive trade practices. The Complaint alleged that defendant solicited homeowners in foreclosure, or in danger of foreclosure, and advised such homeowners that the defendant could save their homes from foreclosure by negotiating with the homeowner's mortgage lender or servicer. The Complaint further alleged that the defendant routinely charged an advance fee, typically in the amount of \$500.00 for his services; and, notwithstanding the defendant's assurances that he could save homeowners from foreclosure, many homeowners' homes were foreclosed upon. Along with its verified Complaint, the State filed a motion, supported by affidavits, seeking temporary and preliminary injunctive relief.

- 3. The North Carolina Debt Adjusting statute, N.C. Gen. Stat. § 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."
- 4. The State further alleged in its Complaint that the defendant engaged in violations of North Carolina's Credit Repair Services Act, N.C. Gen. Stat. § 66-220, et seq., and in violation of the Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1.
- 5. The State alleged that the defendant advertised and offered credit repair services to financially distressed consumers, that the defendant collected illegal advance payments for such services, which is expressly prohibited by N.C. Gen. Stat. § 66-223(1); and failed to provide meaningful services to consumers. The State further alleged, in the offering of his credit repair services, the defendant failed to: (a) provide consumers with written disclosures as required by

N.C. Gen. Stat. § 66-225; and (b) obtain a bond or establish a trust account for the performance of credit repair services as required by N.C. Gen. Stat. § 66-222.

- 6. On May 11, 2011, the Court entered a Temporary Restraining Order, restraining defendant, *inter alia*, from offering foreclosure assistance or credit repair services to North Carolina consumers, or in this State, and from collecting advance fees for such services in violation of North Carolina law. On May 23, 2011, the Court entered a Preliminary Injunction Order continuing the terms of the Temporary Restraining Order.
- 7. On July 15, 2011, defendant filed an Answer to the Complaint, contending that he had not made deceptive or false representations to consumers; that he had helped some consumers save their homes and repair their credit; and that his fees were charged on a "voluntary" basis.
- 8. Defendant represents that he has complied with the terms of the Preliminary
 Injunction and has essentially ceased the operation of the Credit Enhancement Services business.

 Defendant further represents that he has minimal assets with which to pay all of the State's claims.
- 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. The defendant consents to the entry of the judgment to voluntarily and fully resolve the matter without any admission of intentional wrongdoing or violation of the law in the conduct of his business.
- 10. This Consent Judgment shall fully resolve all legal claims and issues raised by the State in its Complaint for all activities of the defendant up to the date of this Consent Judgment.

BASED ON THE FOREGOING and the record herein, the Court concludes that good and sufficient cause exists for entry of this Consent Judgment and permanent injunction pursuant to N.C. Gen. Stat. §§ 14-425, 66-225, and 75-14.

IT IS THEREFORE ORDERED that the defendant, his employees, agents, and all persons acting in concert with the foregoing are permanently enjoined from:

- (1) Advertising, soliciting, or offering any debt adjusting services as defined in N.C. Gen. Stat. §§ 14-423, et seq., and § 75-1.1, or any other loan modification, foreclosure assistance, or other related debt relief services;
- (2) Entering into contracts or other agreements with consumers for the performance of debt adjusting, loan modification, foreclosure assistance, or any related debt relief services;
- Collecting any advance fees or other consideration from consumers for the performance of debt adjusting, loan modification, foreclosure assistance, or any related debt relief services, in violation of North Carolina law, including N.C. Gen. Stat. §§ 14-423, et seq. and § 75-1.1;
- (4) Advertising, soliciting, or entering into contracts for the purpose of, or engaging in the provision of, any credit repair services, or providing any assistance with respect to credit repair-related activities, in violation of the Credit Repair Services Act, N.C. Gen. Stat. § 66-220, et seq.;

(5) Charging or collecting any advance fees from consumers for the provision of credit repair or any related services prior to the full and complete performance of

all promised services; and

(6) Engaging in any unfair or deceptive practices in the offering or conduct of debt

adjusting, loan modification, foreclosure assistance, credit repair, and any other

debt relief or credit-related services in this State.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the plaintiff State of

North Carolina, pursuant to N.C. Gen. Stat. §§ 14-425, 66-225, 75-1.1 and 75-15.1, shall have

and recover of the defendant the principal sum of five thousand and six hundred dollars

(\$5600.00), to be applied toward consumer restitution to consumers who have filed complaints

with the Attorney General's Consumer Protection Division; and that the defendant shall pay such

amount to the State in full no later than five (5) months from the date of entry of this Consent

Judgment. Pursuant to N.C. Gen. Stat. § 75-15.2, the State shall further have and recover of the

defendant the sum of fifteen thousand dollars (\$15,000) for the State's attorneys' fees,

investigative costs, or for consumer protection or education purposes, in the discretion of the

Attorney General.

IT IS SO ORDERED.

This the ______ day of February, 2012.

Superior Court Judge

CONSENTED TO:

Plaintiff:

STATE OF NORTH CAROLINA, ex rel. ROY COOPER, ATTORNEY GENERAL

M. Lynne Weaver

Date

Assistant Attorney General

Defendant:

EDWARD PHILLIP LONG, JR.