

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION**

**IN RE:** ) **CASE NO. 11-17508**  
)  
**BENJAMIN AND DIANNE PULLIAM** ) **CHAPTER 7**  
)  
**Debtors.** ) **CHIEF JUDGE MORGENSTERN-**  
) **CLARREN**  
)  
**LAUREN A. HELBLING, TRUSTEE** ) **ADVERSARY CASE NO.**  
**1370 ONTARIO STREET, SUITE 450** )  
**CLEVELAND, OHIO 44113** )  
)  
**Plaintiff.** )  
)  
**vs.** )  
)  
**LLOYD WARD, P.C.** )  
**d.b.a LLOYD WARD & ASSOCIATES** )  
**12655 NORTH CENTRAL EXPY.** )  
**SUITE 1000** )  
**DALLAS, TEXAS 75243** )  
)  
**LLOYD WARD GROUP, LLC** )  
**12655 NORTH CENTRAL EXPY.** )  
**SUITE 1000** )  
**DALLAS, TEXAS 75243** )  
)  
**LLOYD WARD, INDIVIDUALLY AND** )  
**AS DIRECTOR/OFFICER/OWNER OF** )  
**LLOYD WARD, P.C.** )  
**12655 NORTH CENTRAL EXPY.** )  
**SUITE 1000** )  
**DALLAS, TEXAS 75243** )  
)  
**SILVERLEAF DEBT** )  
**SOLUTIONS, LLC** )  
**f.k.a. Debt Relief RX USA, LLC** )  
**c/o NATIONAL REGISTERED** )  
**AGENTS, INC.** )  
**1021 MAIN STREET, SUITE 1150** )  
**HOUSTON, TX 77002** )  
)  
)

**MICHAEL MILES, INDIVIDUALLY )**  
**AND AS DIRECTOR/OFFICER/ )**  
**OWNER OF SILVERLEAF DEBT )**  
**SOLUTIONS, LLC )**  
**2520 AVENUE K, SUITE 700, PMB 749 )**  
**PLANO, TEXAS 75074 )**  
**)**  
**)**  
**Defendants. )**

**COMPLAINT FOR MONEY JUDGMENT ON VIOLATIONS OF THE OHIO**  
**DEBT ADJUSTMENT COMPANIES ACT, THE OHIO CONSUMER SALES**  
**PRACTICES ACT AND FRAUD**

Now comes the Plaintiff, *Lauren A. Helbling*, Chapter 7 Trustee, by and through counsel, and for her Complaint states the following:

1. Jurisdiction of this Court over the instant matter is based upon Sections 1334 and 157 of the United States Bankruptcy Code and other related statutes and further implemented by General Order No. 84 in that this action arises in the Bankruptcy Case of *Benjamin and Dianne Pulliam*, filed as a case under Chapter 7 of the Bankruptcy Code and being case number 11-17508 presently pending before this court.

2. The proceeding is brought also pursuant to 11 U.S.C. Sec. 541, 544, 548, 550 and 727 of the Bankruptcy Code and the Ohio Debt Adjustment Companies Act, R.C. § 4710.01, et seq. (“DACA”); the Ohio Consumer Sales Practices Act, R.C. §1345.01, et seq. (“OCSPA”) as well as statutory and Ohio common law governing fraud.

3. The matter represents a core proceeding as that term is defined in 28 U.S.C. 157. To the extent, if any, this matter is determined not to be a core proceeding, the Plaintiff consents to the entry of an order from this Court.

4. Plaintiff, *Lauren A. Helbling*, (“Plaintiff”) is the duly appointed, qualified and acting Trustee of the estate of the Debtors, *Benjamin and Dianne Pulliam* (“Debtors”).

5. Debtors filed a petition under Chapter 7 of the United States Bankruptcy Code on August 29, 2011.

6. Upon information and belief, the Defendant *Lloyd Ward, P.C. d.b.a. Lloyd Ward & Associates*, is a Texas debt adjustment company operating from an address at 12655 North Central Expressway, Suite 1000, Dallas, Texas 75243 and doing business in the State of Ohio. Defendant Lloyd Ward Group, LLC is an operating division of Lloyd Ward, P.C. (Collectively referred to as “LWA”)

7. Upon information and belief, the Defendant *SilverLeaf Debt Solutions, LLC* (“SilverLeaf”), is a Texas debt adjustment company operating from an address at 14275 Midway Road, Suite 200, Addison, Texas 75001 and doing business in the State of Ohio.

8. For the purposes of this Complaint, unless otherwise indicated, “Defendant” or “Defendants” includes all agents, employees, officers, members, directors, heirs, successors, assigns, principals, trustees, sureties, subrogees, representatives, and insurers of Defendants named in this caption.

9. Defendants regularly engage in business in Ohio and directed at residents of Ohio and have otherwise availed themselves of the Ohio marketplace and secured the benefits of that marketplace. Such conduct included, among other things, holding themselves out as debt settlement companies providing services to Ohio residents, directing business solicitations into the State of Ohio, directed at indebted Ohio residents, seeking participation in Defendants’ debt settlement programs; contracting in Ohio with Ohio consumers for various services, including debt settlement, offering to perform

and/or performing activities for Ohio residents including debt settlement functions, and/or contracting for legal services or performing legal services for Ohio consumers.

10. This action arises from a coordinated scheme devised by Defendants with the express intent of duping creditors and consumers into believing that the law firm, Defendant LWA, was providing debt settlement services when, in fact, non-attorney employees of Defendant SilverLeaf performed such “legal” services.

11. LWA is in the business of lending its name to debt settlement businesses, including Defendant SilverLeaf, to create a fiction that the services are being performed by attorneys, thereby evading consumer protections applicable to such services, including fee limitations.

12. LWA gave substantial assistance and encouragement to SilverLeaf in conducting unfair, deceptive, criminal, and otherwise unlawful business activities directed at Debtors by, among other things, engaging in and agreeing to engage in a “Client Services Agreement”, lending its name as a law firm to SilverLeaf’s business activities, and by otherwise agreeing to carry out the common business scheme described in this Complaint.

13. The services set out in the “Client Services Agreement” are recited for the purpose of creating an illusion that the debt settlement services constitute the practice of law or are being performed incidental to the practice of law.

14. SilverLeaf performed the debt settlement services under a false pretense that they were done under the direct supervision and control of an attorney at LWA.

15. Upon information and belief, attorneys at LWA do not control the method, manner, or means by which SilverLeaf performed the debt settlement and repair services for Debtors or otherwise directly supervised or controlled those activities.

16. On or before August 19, 2010, Debtors viewed a television commercial advertising “debt solutions.” Debtor then went to the website as advertised in that commercial and then provided some of his information. Debtor was then sent an email from a representative of LWA named Tony Giarletta in an effort to solicit Debtors’ business and to provide debt settlement services to Debtors.

17. Throughout the debt settlement program Defendants created the illusion that LWA was providing the debt settlement services.

18. At all times relevant, Defendant Silverleaf would perform the actual debt settlement services on Debtors’ behalf. Defendant SilverLeaf is not a law firm.

19. For these services, Debtors agreed to pay specified fees that, unknown to Debtors at the time, are criminally illegal, owing to their enormous size and accelerated timing of payment.

20. If meaningful positive funds eventually accumulate in the debt settlement account, Defendants may attempt settlement of a scheduled program debt. Although accounts may be settled, meaningful value to the consumer is minimal as late fees, over the limit fees, and interest continue to accumulate.

21. The agreement drafted by Defendants is illegal in the State of Ohio.

22. Defendants withdrew monthly payments in the amount of \$659.83 from Debtors’ checking account over a period of several months for a total of at least \$7,917.96.

23. Defendants knew that the debt settlement program's fees exceeded the amount permitted by R.C. § 4710.02(B).

24. Defendants made various misrepresentations or non-disclosures in an effort to induce Debtors to enter into the illegal agreement, including but not limited to:

- a. Unsubstantiated claims of savings to Debtors. Defendants represented to Debtors that the program would save them 40%-60% the total debt; however, Defendants do not have a record of accomplishment that supports this statement.
- b. Deceptive representations about the length of time necessary to complete the program. Defendants estimated Debtors would complete the program in 48 months, when in fact, results in the past have not supported such an estimate.
- c. Misleading or failing to adequately inform consumers that they will be subject to continued collection efforts, including lawsuits, and that their account balances will increase due to extended nonpayment under the program. Although the contract specifically indicates a creditor is still able to bring a lawsuit against Debtors, Defendants fail to disclose that this event occurs on a regular basis to Ohio consumers.
- d. Defendants deceptively disparaged bankruptcy as a viable alternative for Debtors.

- e. Defendants based savings claims not on the original account balance, but on the inflated amount due at the time of the settlement.
- f. Defendants failed to include its fees when it estimated the amount Debtors would save.
- g. Defendants represented that the majority of consumers that agree to retain Defendants complete the debt settlement program thereby becoming debt free; however, a high percentage of Ohio consumers who attempt Defendants' debt settlement program do not in fact complete the program, and do not become debt free as a result of Defendants' services.
- h. Defendants accepted money from Debtors for the purpose of settling all Debtors' debts on the program for less than the amount owed knowing there was a substantial likelihood that they could not provide the services as promised.
- i. Defendants represented that the debt settlement services were to be performed by an attorney; however, the services were performed by non-attorney employees of SilverLeaf.
- j. Defendants represented that LWA was providing legal services when LWA does not employ an attorney who is licensed to practice law in the State of Ohio.

25. In an effort to induce Ohio consumers to enter into a contract with Defendants, Defendants indicated they would assist Debtors with a lawsuit in the unlikely

event they were sued by one of their creditors with which Defendants have agreed to negotiate. Defendants indicated as much while specifically disclaiming any such legal assistance in its contract with Debtors.

26. Debtors were sued by two of their creditors. Defendants failed to provide legal services as indicated and as a result, Debtors were forced to file for bankruptcy.

27. Defendant SilverLeaf is not a law firm and is not licensed to practice law in the State of Ohio. Defendant LWA does not employ an attorney licensed to practice law in the State of Ohio.

28. Defendants provided further legal advice regarding the FDCPA and FCRA among other areas of law.

29. Defendants were engaged in the unauthorized practice of law.

30. Defendants so engaged in the unauthorized practice of law in an effort to induce Debtors to execute a contract for Defendants' services and/or to continue the previously executed contract.

31. Defendants, as described above, are each a "supplier" as that term is defined in R.C. § 1345.01(C), since Defendants were engaging in the business of effecting "consumer transactions", either directly or indirectly, by operating a debt pooling or debt adjustment service for consumers in Ohio for purposes that are primarily personal, family or household within the meaning specified in R.C. § 1345.01(A).

32. Defendants are each a "person" as defined by the DACA, R.C. § 4710.01(A) engaged in the act of "debt adjusting" as defined by the DACA, R.C. § 4710.01(B), and a "supplier" as defined by the OCSPA, R.C. § 1345.01(C), since Defendants were engaged in the business of debt adjusting, budget counseling, debt



management, or debt pooling services, or holding oneself out, by words of similar import, as providing services to debtors in the management of their debt to a consumer in the State of Ohio for purposes that were primarily for personal, family or household use.

33. Debtors are “consumers” as defined by the OCSPA, R.C. § 1345.01(D)

34. Defendants conduct business in the State of Ohio even though they failed to register with the Ohio Secretary of State as required by R.C. § 1703.03.

35. Defendants charged and accepted fees or contributions in excess of what are reasonable fees or contributions, in violation of R.C. §§ 4710.02(A)(3), 4710.02(B)(1-3) and 4710.02(F)(1).

36. Upon information and belief, Defendants failed to arrange for and undergo an audit conducted by an independent, third party, certified public accountant of the person’s business and then file the audit and opinion with the consumer protections division of the attorney general in violation of R.C. §§ 4710.02(D)(1-2) and 4710.02(F)(2).

37. Upon information and belief, Defendants failed to obtain and maintain insurance coverage not less than \$100,000.00 for employee dishonesty, forgery, and fraud in violation of R.C. §§ 4710.02(E)(1-2) and 4710.02(F)(2).

38. Defendants do not provide to consumers, prior to entering into contracts, a statement of rights with information including an explanation of the consumers’ rights under the Fair Credit Reporting Act, and information relating to the consumers’ rights pursuant to the Ohio Credit Services Organization Act.

39. Defendants' transactions failed to include the notices, statements, and cancellation forms as defined by R.C. §§ 4710.05(A) and (B). Such failure is a violation of R.C. § 1345.02(A) of the OCSPA.

40. Defendants failed to make full refunds of monies paid for undelivered service, despite requests from Debtors to make full restitution of all damages.

41. Upon information and belief, Defendant Lloyd Ward directs the actions of LWA, and Defendant Michael Miles directs the actions of SilverLeaf.

42. Defendants are thereby responsible for the actions of their agents under the doctrine of respondeat superior.

**COUNT ONE**  
**(Violations of the Ohio Consumer Sales Practices Act and Debt Adjustment Companies Act)**

43. Plaintiff repeats, realleges, and incorporates by reference all of the foregoing paragraphs.

44. Defendants committed unfair, deceptive and unconscionable acts or practices in violation of R.C. §§ 1345.02(A) and/or 1345.03(A) of the Consumer Sales Practices Act including:

- a. Defendants operated a debt settlement company in the State of Ohio without complying with applicable Ohio law, namely, R.C. § 4710, et seq.
- b. Defendants charged an excessive fee for debt adjusting and failed to provide the service pursuant to the Failure to Deliver Rule, O.A.C. § 109:4-3-09(A).

- c. Defendants, out of state corporations, failed to register with the Ohio Secretary of State prior to doing business in Ohio as required by R.C. § 1703.03.
- d. Defendants made false or misleading statements to induce a purchaser to pay for services.
- e. Defendants engaged in debt adjustment activities, including holding out that it could affect the adjustment, compromise, or discharge of any account, note, or other indebtedness of consumers who sign up for its services, without complying with R.C. §§ 4710.02(A) and (B), specifically that Defendants charged fees in excess of those permitted by the Ohio Debt Adjusters Act.
- f. Defendants violated Ohio Adm. Code § 109:4-3-09(A) by accepting money from consumers for goods or services ordered by mail, telephone, or otherwise and then failed to make full delivery or make a full refund as promised.
- g. Defendants had knowledge of the inability of the consumer to receive a substantial benefit from the subject of the consumer transaction.
- h. Defendants required the consumer to enter into a consumer transaction on terms the supplier knew were substantially one-sided in favor of the supplier.
- i. Defendants recommended or encouraged a consumer to default on his or her credit card debt.

45. Such acts and practices have been previously determined by Ohio courts to violate the Consumer Sales Practices Act, R.C. § 1345.01 et seq.

46. Defendants committed said violation after such decisions were available for public inspection pursuant to R.C. § 1345.05(A)(3). *State ex rel. Petro v. Debticated Consumer Counseling, Inc.* (Lucas Co. C.P. 2003), Case No. CIO 2002 4856, (PIF# 2173); *State of Ohio ex rel. Cordray v. United Law Group, Inc.* (Franklin Co. C.P. 2010), Case No. 10 CVH 021567, (PIF# 2874); *State of Ohio, ex rel. Cordray v. Brotherton* (Greene Co. C.P. 2010), Case No. 2009 CV 0709, (PIF# 2831); *In Re Nationwide Debt Solution, Inc.* (2010), Docket No. 384784 (PIF# 2878); *In Re Budulator Corporation, Inc.* (2010), Docket No. 388509 (PIF# 2876); *State of Ohio ex rel. Rogers v. Richard Pinnix d/b/a Pinnix Business Services* (Franklin Co. C.P. 2008), Case No. 07CVH08-10491(PIF# 2726); *State of Ohio ex rel. Dann v. American Housing Authority, Inc.* (Lucas Co. C.P. 2008), Case No. CI-0200705443 (PIF# 2676); *State of Ohio ex rel. Petro v. AAA All Ohio Roofing, et al.* (Franklin Co. C.P. 2003), Case No. 02CVH022119 (PIF# 2152); *State ex rel. Montgomery v. Bayview Group, Inc.* (Franklin Co. C.P. 2003), Case No. 97CVH12 10749 (PIF# 1727).

**COUNT TWO**  
**(Fraud / Fraud in the Inducement)**

47. Plaintiff repeats, realleges, and reincorporates by reference all of the foregoing paragraphs.

48. Fraudulent conduct has been specifically alleged throughout this complaint and incorporated into Count Two by reference. Debtors specifically relied on the aforementioned representations, misrepresentations, non-disclosures and implied

representations when making the determination to enter into a contract or continue using the services of Defendants.

49. Defendants engaged in the unlawful conduct previously alleged with the actual and/or imputed knowledge of the unlawful conduct.

50. Defendants knowingly engaged in such conduct with the purpose of inducing payment from Debtors.

51. Debtors have been injured by the wrongful and fraudulent conduct of Defendants and have been damaged in an amount to be established at trial, as well as entitled to punitive damages in an amount to be established at trial.

**COUNT THREE**  
**Professional Negligence**

52. Plaintiff repeats, realleges, and incorporates by reference all of the foregoing paragraphs.

53. In the alternative, Debtors entered into an attorney client relationship with Defendants.

54. Defendants had a duty to competently and conscientiously perform the services they promised to perform for Debtors.

55. Defendants breached the duty referred to in the previous paragraph by failing to provide competent legal services including, but not limited to, accepting as a client before reviewing her financial condition, especially considering the aggressive litigation tactics of her creditors, excessive balances, and extremely doubtful chance of completing the program, failing to provide adequate representation when Debtors were sued by their creditors, and causing Debtors to have to file for bankruptcy.

56. Debtors suffered damages as a proximate result of the Defendants' breach of a duty.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff, Lauren A. Helbling, Chapter 7 Trustee prays this Court grant:

- (a) judgment against the Defendants in the amount of three times the actual damages or \$200.00 for each unlawful act specified, whichever is greater, pursuant to R.C. § 1345.09(B);
- (b) costs and reasonable attorney fees, pursuant to R.C. § 1345.09(F)(2);
- (c) punitive damages;
- (d) such other relief as this Court deems to be just, equitable and appropriate.

Respectfully submitted:

/s/ Jeremiah E. Heck

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**DEMAND FOR JURY TRIAL**

Please take notice that Plaintiff Lauren A. Helbling demands trial by jury in this action.

/s/ Jeremiah E. Heck

Jeremiah E. Heck (0076742)  
David E. Byrnes (0086975)