

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF COMMERCE

In the Matter of Legal Helpers Debt Resolution,
LLC

**NOTICE AND ORDER FOR
PREHEARING CONFERENCE**

TO:

Legal Helpers Debt Resolution, LLC
233 South Wacker Dr., Suite 5150
Chicago, IL 60606

Legal Helpers Debt Resolution, LLC
1970 Oakcrest Ave., Suite 210
Roseville, MN 55113

James Agosto
1970 Oakcrest Ave., Suite 210
Roseville, MN 55113

Legal Helpers Debt Resolution, LLC (“RESPONDENT”) IS HEREBY NOTIFIED that the Department of Commerce (“Department”) has initiated this action to determine whether Respondent committed the violations alleged below, subjecting it to disciplinary action and sanctions, including revocation, suspension, censure, or the imposition of civil penalties.

IT IS HEREBY ORDERED that a prehearing conference will be held telephonically at 1:30 p.m., on October 2, 2012. **All mail sent to the Administrative Law Judge assigned to this matter should be directed to P.O. Box 64620, St. Paul, MN 55164-0620.**

The Chief Administrative Law Judge, Office of Administrative Hearings, has assigned this matter to Eric L. Lipman, Telephone number (651) 361-7842.

The hearing will be conducted under the contested case procedures set out in Chapters 14 and 45 of Minnesota Statutes and the Rules of the Office of Administrative Hearings, Minnesota Rules Chapter 1400. A copy of these materials may be purchased from the Minnesota Book Store, telephone (651) 297-3000, or are available at *www.revisor.leg.state.mn.us*. Copies of the rules are also available at *www.oah.state.mn.us*.

The attorney handling this case for the Department is Assistant Attorney General Oliver J. Larson, 1200 Bremer Tower, 445 Minnesota Street, St. Paul, Minnesota 55101-2130, (651) 757-1265. Mr. Larson may be contacted to discuss discovery or informal disposition of this matter.

IT IS FURTHER ORDERED that, pursuant to Minn. Stat. §§ 45.027, subd. 6, Respondent must show cause why it should not be subject to a civil penalties.

STATEMENT OF CHARGES

1. Respondent Legal Helpers Debt Resolution, LLC (“Legal Helpers”) is an entity headquartered in Chicago, Illinois that also operated under the d/b/a Macey, Aleman, Hyslip and Searns.
2. Respondent was formed by Thomas Macey and Jeffrey Aleman.
3. Respondent is managed by Macey, Aleman, Jeffrey Hyslip, and Jason Searns – attorneys licensed to practice in states other than Minnesota.
4. Macey and Aleman are currently the subject of a disciplinary suit brought by the Illinois Attorney Registration and Disciplinary Commission in connection with their formation and management of Respondent. They are charged with breach of fiduciary duties, failure to consult with clients, assisting non-lawyers in the practice of law, failing to supervise non-attorney personnel, collecting unreasonable fees, and other misconduct.

5. Respondent purports to provide debt settlement services to its customers. The debt settlement services Legal Helpers purports to provide are not handled by attorneys, but rather by non-attorney employees of Respondent and sub-contractors.

6. Respondent is not registered as a debt settlement services provider or as a debt management services provider in Minnesota.

7. Respondent is engaged in debt settlement services in Minnesota. In particular, Respondent has taken up-front and monthly funds from Minnesota residents, representing that the funds would be used to settle claims with creditors and to pay Respondent's fees for achieving such settlements.

8. In addition to operating as a debt settlement services provider without a license, Respondent violated a host of Minnesota statutory provisions regulating the conduct of debt settlement providers, including the following:

- a. Charging fees in excess of those permitted by statute, as codified at Minn. Stat. § 332B.09;
- b. Failing to provide statutorily required disclosures codified at Minn. Stat. § 332B.06;
- c. Making misleading representations to debtors in violation of Minn. Stat. § 332B.11, subd. 1; and,
- d. Failing to respond to requests for information from the Department of Commerce in violation of Minn. Stat. § 45.027, subd. 1a.

M.R. & L.R.

9. Married couple M.R and L.R., residents of Minnesota, signed up for Respondent's debt settlement services in July of 2010.

10. Respondent's schedule of fees states that M.R. and L.R.'s checking account would be drafted for \$1,146.32 for the first three months of Legal Helper's program, and \$897.02 thereafter for 48 months.

11. Respondent's schedule of fees also stated that of the first 15 payments made by M.R. and L.R. to Respondent, totaling \$14,203.20, only \$1,797.36 would be used to pay creditors, with the remainder retained by Respondent as fees and costs.

12. Respondent thereafter drafted M.R. and L.R.'s account for several months.

13. Respondent failed to respond to requests from M.R. and L.R. concerning the status of their account and any progress made by Respondent in settling their debts.

14. Respondent provided no information to M.R. or L.R. showing that it settled any debts on their behalf.

15. M.R. and L.R. continued to receive notices from creditors of actions taken against them, including wage garnishments.

W.T. and T.T.

16. Married couple W.T. and T.T., Minnesota residents, signed up for Respondent's debt settlement services in August of 2010.

17. Respondent drafted W.T. and T.T.'s account for \$1,065 per month from July of 2010 through at least January of 2012.

18. Respondent failed to respond to requests from T.T. concerning the status of W.T. and T.T.'s accounts and any progress made by Respondent in settling their debts.

19. Respondent provided no information to T.T. and W.T. showing that that it settled any debts on their behalf.

20. W.T. and T.T. continued to receive notices from creditors of actions taken against them, including threats of suit.

W.M.

21. W.M., a Minnesota resident, signed up for Respondent's debt settlement services in August of 2010.

22. Respondent represented that it would significantly reduce W.M.'s debt with his creditors.

23. Respondent represented that stated that W.M.'s creditors would stop calling once he signed up for Respondent's services.

24. Respondent drafted W.M.'s account for at least \$7,105.45 between August of 2010 and June of 2011

25. Respondent failed to respond to requests from W.M. concerning the status of W.M.'s accounts and any progress made by Respondent in settling W.M.'s debts.

26. Respondent provided no information to W.M. showing that it settled any debts on his behalf.

27. W.M. continued to receive contact from creditors, and was served with legal process after signing up for Respondent's services.

T.M. and K.M.

28. Married couple T.M. and K.M., Minnesota residents, signed up for Respondent's debt settlement services in January of 2011.

29. Respondent's schedule of fees states that T.M. and K.M.'s checking account would be drafted for \$845.69 for 41 months.

30. Respondent's schedule of fees also stated that of the first 21 payments made by T.M. and K.M. to Respondent, totaling \$17,759.49, only \$7,479.68 would be used to pay creditors, with the remainder retained by Respondent as fees and costs.

31. T.M. and K.M. paid a total of \$9,302.59 to Respondent.

32. Respondent failed to respond to requests from T.M. and K.M. concerning the status of their account, and any progress made by Respondent in settling their debts.

33. Respondent provided no information to T.M. or K.M. showing that any debts had been settled on their behalf.

34. T.M. and K.M. continued to receive notices from creditors of actions taken against them, including wage garnishments.

M.U.

35. M.U. signed up for Respondent's debt settlement services in September of 2010.

36. Respondent's schedule of fees states that his checking account would be drafted for an initial amount of \$500, and \$403.57 thereafter for 29 months.

37. Respondent's schedule of fees also stated that of the first 18 payments made by M.U., totaling \$7,357.29, only \$3,3667.06 would be used to pay creditors, with the remainder retained by Respondent as fees and costs.

38. M.U. paid a total of \$3,464.75 to Respondent.

39. Respondent failed to respond to requests from M.U. concerning the status of his account and any progress made by Respondent in settling his debts.

40. Respondent provided no information to M.U. showing that any debts had been settled on his behalf.

E.W.

41. E.W. signed up for Respondent's debt settlement services in March of 2010.

42. Respondent's schedule of fees states that her checking account would be drafted for \$1,081.01 per month thereafter for 44 months.

43. Respondent's schedule of fees also stated that of the first 33 payments made by E.W., totaling \$35,673.33, only \$21,308.80 would be used to pay creditors, with the remainder retained by Respondent as fees and costs.

44. E.W. paid a total of \$6,358.56 to Respondent.

45. Respondent failed to respond to requests from E.W. concerning the status of her account and any progress made by Respondent in settling her debts.

46. Respondent provided no information to E.W. showing that any debts had been settled on her behalf.

P.B.

47. P.B. signed up for Respondent's debt settlement services in March of 2010.

48. Respondent's schedule of fees states that her checking account would be drafted for \$901.57 per month for 42 months.

49. Respondent's schedule of fees also stated that of the first 21 payments made by P.B., totaling \$18,932.97, only \$7,765.44 would be used to pay creditors, with the remainder retained by Respondent as fees and costs.

50. P.B. paid a total of \$4,561.60 to Respondent.

51. Respondent failed to respond to requests from P.B. concerning the status of her account and any progress made by Respondent in settling her debts.

52. Respondent provided no information to P.B. showing that any debts had been settled on her behalf.

J.J.

53. J.J. signed up for Respondent's debt settlement services in May of 2010.

54. J.J. paid a total of \$1,254.86 to Respondent.

55. Respondent provided no information to J.J. showing that any debts had been settled on his behalf.

N.B.

56. N.B. signed up for Respondent's debt settlement services in March of 2010.

57. N.B. paid a total of \$3,677.14 to Respondent.

58. Respondent provided no information to N.B. showing that any debts had been settled on her behalf.

VIOLATIONS

Count I

Respondent failed to register as a debt settlement services provider prior to executing an agreement to provide debt settlement services for Minnesota residents: (1) M.R. and T.T.; (2) W.T. and T.T.; (3) T.M.; (4) M.U.; (5) E.W.; (6) P.B.; (7) J.J.; (8) N.B. By failing to register, Respondent violated Minn. Stat. § 332B.04, subd. 1 (2010).

Count II

Respondent made false, deceptive, or misleading statements or omissions about the terms and conditions of its debt settlement services to the following Minnesota residents: (1) M.R. and T.T.; (2) W.T. and T.T.; (3) T.M.; (4) M.U.; (5) E.W.; (6) P.B.; (7) J.J.; (8) N.B. By doing so, Respondent is in violation of Minn. Stat. § 332B.11, subd. 1.

Count III

Respondent failed to provide statutorily required disclosures prior to executing an agreement to provide debt settlement services with the following Minnesota residents: (1) M.R. and T.T.; (2) W.T. and T.T.; (3) T.M.; (4) M.U.; (5) E.W.; (6) P.B.; (7) J.J.; (8) N.B. By failing to provide such disclosures, Respondent violated Minn. Stat. § 332B.06.

Count IV

Respondent claimed, demanded, charged, collected, or received fees in excess of those allowed under section Minn. Stat. § 332B.09 with respect to the following Minnesota residents: (1) M.R. and T.T.; (2) W.T. and T.T.; (3) T.M.; (4) M.U.; (5) E.W.; (6) P.B.; (7) J.J.; (8) N.B. By doing so, Respondent is in violation of Minn. Stat. § 332B.09.

Count V

Respondent failed to respond to requests for information from the Department of Commerce. By failing to respond, Respondent is in violation of Minn. Stat. § 45.027, subd. 1a.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 45.027, subd. 5a and Minn. Stat. ch. 332B, that Respondent Legal Helpers Debt Resolution, LLC shall cease and desist from violating Minn. Stat. ch 332B, including engaging in the business of debt settlement or debt management services in the State of Minnesota, without the requisite registration pursuant to Minn. Stat. § 332B.03, and from engaging in any debt settlement or debt service management services in Minnesota until this Order is otherwise vacated or modified by the Commissioner.

ADDITIONAL NOTICE

1. Respondent's failure to appear at the prehearing conference, settlement conference, or the hearing, or failure to comply with any order of the Administrative Law Judge, may result in a finding that Respondent is in default, that the Department's allegations contained in the Statement of Charges may be accepted as true, and that Respondent may be subject to discipline by the Commissioner, including revocation, suspension, censure, or the imposition of civil penalties.

2. If any party has good cause for requesting a delay of the prehearing conference or hearing, the request must be made in writing to the Administrative Law Judge at least five days before the prehearing conference or hearing. A copy of the request must be served on the other party.

3. Any party intending to appear at the hearing or prehearing conference must file a Notice of Appearance form and return it to the Administrative Law Judge within 20 days of the date of service of the Statement of Charges. A copy must be served on the Department's attorney. A Notice of Appearance form is attached.

4. At the hearing, all parties have the right to be represented by legal counsel, by themselves, or by a person of their choice if not otherwise prohibited as the unauthorized practice of law. The parties are entitled to the issuance of subpoenas to compel witnesses to attend the hearing. The parties will have the opportunity to be heard orally, to present evidence and cross-examine witnesses, and to submit evidence and argument. Ordinarily, the hearing is tape-recorded. The parties may request that a court reporter record the testimony at their expense.

5. Persons attending the hearing should bring all evidence bearing on the case, including any records or other documents. Be advised that if data that is not public is admitted

into the record, it may become public data unless an objection is made and relief is requested under Minn. Stat. § 14.60, subd. 2.

6. Requests for subpoenas for the attendance of witnesses or the production of documents at the hearing shall be made in writing to the Administrative Law Judge pursuant to Minn. Rule 1400.7000. A copy of the subpoena request shall be served on the other parties. A subpoena request form is available at www.oah.state.mn.us or by calling (651) 361-7900.

7. This case may be appropriate for mediation. The parties are encouraged to consider requesting the Chief Administrative Law Judge to assign a mediator so that mediation can be scheduled promptly.

8. The Office of Administrative Hearings conducts contested case proceedings in accordance with the Minnesota Rules of Professional Conduct and the Professionalism Aspirations adopted by the Minnesota Supreme Court. A publication entitled *A Guide to Participating in Contested Case Proceedings at the Office of Administrative Hearings* is available at www.oah.state.mn.us or by calling (651) 361-7900.

9. Any party who needs an accommodation for a disability in order to participate in this hearing process may request one. Examples of reasonable accommodations include wheelchair accessibility, an interpreter, or Braille or large-print materials. If any party requires an interpreter, including a foreign language interpreter, the Administrative Law Judge must be promptly notified. To arrange for an accommodation or an interpreter, contact the Office of Administrative Hearings, P.O. Box 64620, St. Paul, Minnesota 55164-0620, or call (651) 361-7900 (voice) or (651) 361-7878 (TTY).

10. Under Minn. Stat. § 45.027, subd. 6, Respondents may be subject to civil penalties not to exceed \$10,000 per violation upon a final determination that Respondents

violated any law, rule or order related to the duties and responsibilities entrusted to the Commissioner.

MIKE ROTHMAN
Commissioner

Dated: August 29, 2012


STEVEN E. CARLSON
Deputy Commissioner

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Telephone: (651) 296-2488

AG: #3059914-v1