

UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
FLORENCE DIVISION

Joel R. Knotts, on behalf of himself)
and all other similarly situated,)

CLASS ACTION

Plaintiff,)

v.)

C/A No.

Meracord, LLC;)

NoteWorld, LLC;)

JURY TRIAL DEMANDED

Noteworld Servicing Center; and)

Legal Network of America, a)

Professional Corporation;)

Defendants.)

COMPLAINT

1. This is a consumer class action brought on behalf of consumers in South Carolina for actual and punitive damages, attorney’s fees and costs for Defendants’ violations of the South Carolina Consumer Protection Code, *S.C. Code Ann. § 37-7-101, et seq.* and the South Carolina Unfair Trade Practices Act. *S.C. Code Ann. § 39-5-10, et seq.* The Plaintiff further seeks compensatory and punitive damages for the Defendants’ violations of South Carolina common laws set forth herein.

JURISDICTION AND VENUE

2. This Court has Jurisdiction under 28 U.S.C. §1332, and §1367. Venue is proper in the Florence Division because the Plaintiff resides in Darlington County and the Defendants transacted business in Darlington County.

PARTIES

3. The Plaintiff, Joel R. Knotts, is a resident and citizen of the State of South Carolina, Darlington County, and is over the age of twenty-one (21) years.
4. Defendant Meracord, LLC (referred to hereinafter as “Meracord”) is a Delaware limited liability company. Defendant Meracord may be served with process through its registered agent, Danielle Kiersztyn, 1001 Pacific Ave, #200, Tacoma, WA 98402. Defendant Meracord was in all respects and at all times relevant herein doing business in the state of South Carolina.
5. Defendant NoteWorld, LLC (referred to hereinafter as “NoteWorld”) is a Delaware limited liability company. NoteWorld may be served with process through its president and CEO, Linda Remsberg, at its home office, 1001 Pacific Ave #200, Tacoma, WA 98402. Defendant NoteWorld was in all respects and at all times relevant herein doing business in the state of South Carolina.
6. Defendant NoteWorld Servicing Center (referred to hereinafter as “NSC”) is a Delaware limited liability company. NSC may be served with process through its president and CEO, Linda Remsberg, at its home office, 1001 Pacific Ave #200, Tacoma, WA 98402. Defendant NSC was in all respects and at all times relevant herein doing business in the State of South Carolina.
7. Defendant Legal Network of America, a Professional Corporation (referred to hereinafter as “LNOA”) is a California Professional Corporation. Defendant LNOA

may be served with process through its registered agent, Spiegel and Utrera, P.A., 4727 Wilshire Blvd., Suite 601, Los Angeles, CA 90010. Defendant LNOA was in all respects and at all times relevant herein doing business in the state of South Carolina.

8. Defendants each participated in and contributed to the damages caused to the Plaintiff. Defendants each acted as principal and agent, each for the other Defendants.
9. Upon information and belief, each of the above-named Defendants acted in concert with each other and the actions of each individual Defendant were done on their own behalf and on the behalf of all other named Defendants.

FACTUAL ALLEGATIONS

10. Defendants Meracord, NoteWorld, NSC and LNOA are co-conspirators involved in a scheme to prey on consumers in South Carolina, as well as throughout the United States of America.
11. Defendants Meracord, NoteWorld and NSC rely on a number of “front end debt settlement companies” to recruit consumers into a debt management plan. These front end debt settlement companies require their customers to set up an account which is administered by Defendants Meracord, NoteWorld and NSC.
12. Defendants Meracord, NoteWorld and NSC promote, establish, maintain and manage debt settlement accounts on behalf of consumers as an integral part of debt settlement

programs and front end debt settlement companies.

13. One such front end debt settlement company is Defendant LNOA. Upon information and belief, Defendants Meracord, NoteWorld and NSC also work with the following front end debt settlement companies: Accredited Financial Corporation, Amber Network, Inc., Best Debt Options, Beyond Financial Service, Brite Credit Inc. (Doing business as Brite Credit 1 2 3), Century Negotiations, Inc., Clear Debt Solution, Coastal Debt Solution, LLC, Consumerwise Debt Solutions, Inc., Counsel 4 Debt Relief, Countrywide Debt Solutions, Inc., Credit Care Corporation, CreditCarePro, Debt Help Center, USA, Debt National Relief, Debt Reinvestment, Debt Solutions, DebtEraseInc, DebtPointer Inc., DebtPro LLC, DTS Financial Group, E.A.C. Financial LLC, Inc., FBL Associates, Freedom Debt Center, Freedom Debt Solutions, Help Settle, LLC, Helpsettle.com, Innovative Debt Solutions, Lifeguard Financial, Maximum Debt Solutions, Morgan Stevens Financial Solutions Company, National Financial Freedom LLC, Nationwide Consumer Advocacy Group, On Track Financial LLC, Personal Debt Systems of America, Princeton Debt Management LLC, Reduce My Debt, LLC, Settle A Debt Inc., Settlement Corporation of America, SilverLeaf Debt Solutions, The Debt Answer, The Debt Cure, US Consumer Support, Vision Debt.com, and World Debt Solutions.
14. Defendants Meracord, NoteWorld and NSC and LNOA promote debt settlement agreements by sending contracts, often unsolicited, to consumers. These contracts

include a debt settlement agreement with the front end debt settlement company and an attached “Sign-Up Agreement” with Defendants Meracord, NoteWorld and NSC. The front end debt settlement companies present these two agreements as part of the same contract.

15. The agreements universally involve the following:
 - a. The consumer agrees to pay a specified debt settlement fee while being completely unaware that the charged fee(s) are per se violations of the South Carolina Consumer Protection Code. Such violations of the South Carolina Consumer Protection Code render the contract void. The fees are a source of profit for the front end debt settlement companies, as well as Defendants Meracord, NoteWorld and NSC.
 - b. Meracord, NoteWorld and NSC, in exchange for additional fees to be charged to the consumer, are engaged to manage a debt settlement account instrumental in carrying out the debt settlement program set up and promoted by the front end debt settlement company.
 - c. Meracord, NoteWorld and NSC are authorized to automatically debit the subject debt settlement account to pay the unlawful debt settlement fees set forth in the debt settlement agreement and the “Sign-Up Agreement”.
 - d. The fees charged by Defendants Meracord, NoteWorld, NSC and LNOA, a front end debt settlement company, completely exhausts the funds paid by the

consumer during the first several months of the consumer's participation in the debt settlement program. After the initial months have passed, the consumer continues to pay fees to Defendants Meracord, NoteWorld and NSC and their front end debt settlement companies which continue to consume payments made by consumers and expected to be put forth towards settling consumer's outstanding debt.

- e. The consumer agrees to pay specified fees which are per se unfair and in violation of the South Carolina Consumer Protection Code.
 - f. In addition to said fees, Defendants Meracord, NoteWorld and NSC charge unlawful fees to maintain and manage the trust account.
 - g. The program's success is contingent upon the consumer continuing to make the payments to the debt settlement program and to cease making payments to his/her original creditors.
 - h. In almost all cases, the consumer would have been better off simply paying his/her original creditors, thereby circumventing the noxious fees charged by Defendants Meracord, NoteWorld, NSC and LNOA and avoiding devastating defaults and judgments obtained by the consumer's original creditors.
16. South Carolina treats the actions of entities such as the Defendants with the utmost seriousness, clearly stating that individuals who are found to have violated the chapter of the South Carolina Consumer Protection Code that is the subject of this action have

committed a misdemeanor. S.C. Code Ann. §37-7-117(A).

17. The Plaintiff received an unsolicited phone call from the Defendants. Upon information and belief, the Defendants improperly pulled the Plaintiff's credit file to make the determination that the Plaintiff was current on all of his outstanding debts.
18. During this telephone call, the Defendants told the Plaintiff that his credit would not be damaged and that they had an attorney in South Carolina that would represent him should any of his outstanding accounts go to litigation during the Defendants' representation of the Plaintiff.
19. The Plaintiff submitted an electronic contract to Defendant LNOA. That document (referred to hereinafter as the "Agreement") indicates that it is twenty (20) pages in length and is attached hereto as Exhibit "A". The document states that the Plaintiff has engaged LNOA, a law firm, to negotiate with his creditors. The twenty pages presented to the Plaintiff included a debt settlement agreement with LNOA and a "Sign-Up Agreement" with Meracord, NoteWorld and NSC.
20. The Plaintiff also received a booklet entitled "The Journey to Financial Freedom", which was listed as a welcome kit from LNOA. In said booklet, Defendant LNOA states that it does not make payments to creditors, but that the Plaintiff himself will make payments to creditors directly. This statement was made in spite of Defendant LNOA's full knowledge that Defendants Meracord, NoteWorld and NSC had full authority to automatically debit the Plaintiff's account and completely fails to mention

the fact that Defendants Meracord, NoteWorld and NSC would automatically be debiting the Plaintiff's account to pay the unfair and exorbitant fees charged by each of the Defendants, including LNOA.

21. Defendant LNOA's welcome kit further states that, if Plaintiff did not have counsel and was sued, Defendant LNOA would refer him to a "reasonably priced firm that has attorneys in every state". Upon information and belief, this firm is related to the Defendants and furthers Defendants' scheme to extort more money from the Plaintiff and consumers at large.
22. The Plaintiff assigned six separate accounts to Defendants. The Plaintiff was not late on any of the six accounts prior to retaining the services of the Defendants.
23. After retaining the services of the Defendants and being instructed to cease payment on the accounts in question, the Plaintiff began to receive collection calls and was sued on three separate accounts. After making this fact known to Defendants, the Plaintiff was forced to hire outside counsel to represent him in these matters. Defendants completely failed to provide an attorney to represent him and failed to "refer" a law firm to him for help.
24. The Plaintiff began to receive lawsuits on several of the accounts turned over to the Defendants. After receiving the first, the Plaintiff called the Defendants. While on the phone with the Defendants, the Plaintiff made known that his court date was approaching and that he needed the promised attorney to represent him. The

Defendants informed the Plaintiff that they did not have a South Carolina attorney available and that they were trying to find one. The Defendants never provided the Plaintiff an attorney to represent him and a default judgment was entered against the Plaintiff.

25. None of the documents provided to the Plaintiff explained that the Defendants would be holding payments for six months until the accounts were past due and charged-off.
26. The Plaintiff, after becoming aware that the Defendants were putting only a small fraction of his payments towards his debts, cancelled his agreement with the Defendants. At the time of cancellation, Plaintiff had made payments to the Defendant's totaling approximately \$16,132.90. Of this total, only approximately \$4,872.60 had been earmarked for the Plaintiff's creditors, the difference going to the Defendants as a variety of fees.
27. Defendants Meracord, NoteWorld and NSC knew, or should have known, that fees associated with the debt settlement program and promoted by Defendant LNOA were in excess of the fees allowed by the South Carolina Consumer Protection Code.
28. Defendants Meracord, NoteWorld and NSC, nonetheless, initiated automatic transfers from the Plaintiff's bank account for the purpose of paying the excessive and unowed fees for the purpose of carrying out Defendant LNOA's debt settlement program and unjustly enriching themselves.
29. Defendant LNOA promoted, contracted for, and held itself out as carrying out credit

counseling services, as defined by the South Carolina Consumer Protection Code and, directly or indirectly, secured for itself a portion of the excessive, unowed and/or illegal fees paid by Plaintiff.

30. Upon information and belief, the Plaintiff paid the following to the Defendants prior to his cancellation of his debt settlement plan: \$9,766.25 in “Program Fees” to LNOA; \$1,260.00 in “Maintenance Fees”; and \$234.00 in “SPA Fees” to Defendants Meracord, NoteWorld and NSC. In comparison, only \$4,872.60 was put forth or held in “reserve” for settling the Plaintiff’s debts.
31. The Agreement, in an attempted work around of South Carolina law, attempts to specify at what point fees are earned. The fee schedule set forth by the Agreement attempts to set forth that fees will be earned at certain points, unrelated to when, or even if any settlement of debt has occurred.
32. The Defendants failed to obtain the required license from the South Carolina Department Consumer Affairs to operate as a “credit counseling organization” in the state of South Carolina as required by the South Carolina Consumer Protection Code, §37-7-101, *et seq.*
33. Upon information and belief, the Defendants failed to file the required surety bond with the South Carolina Department of Consumer Affairs.
34. At no point did Defendants provide the Plaintiff with a credit education program designed to improve the financial literacy of the Plaintiff.

35. At no point did Defendants deliver a thorough, written budget analysis to the Plaintiff which indicated that the Defendants' services were suitable to the Plaintiff and that the Plaintiff could reasonably expect to meet the requirements of said budget analysis.
36. The Agreement between the Plaintiff and the Defendants failed to indicate, in bold face type, that the Plaintiff may terminate the agreement for any reason at any time by giving ten days written notice and that, upon termination, all unexpended funds would be returned to the Plaintiff. In fact, the agreement stated that the Plaintiff had to cancel the agreement within thirty days of the stated date (April 13, 2010) to avoid any penalty or obligation.
37. The Agreement failed to disclose that Defendants may receive compensation from the Plaintiff's creditors for providing credit counseling services to the Plaintiff.
38. The Agreement failed to disclose that Defendants may not require the Plaintiff purchase any other product or service, or even solicit to offer to sell any other product or service to the Plaintiff during the term of the Debt Management Plan. On the contrary, the Defendants did expressly solicit to offer other services to the Plaintiff for additional fees.
39. The Agreement failed to disclose that Defendants may not require a voluntary contribution from the Plaintiff for a service provided by the Defendants to the Plaintiff.
40. The Agreement failed to disclose that the Plaintiff could contact the South Carolina

Department of Consumer Affairs if he had complaints regarding the services provided by Defendants. The Agreement failed to provide the current phone number of the Department of Consumer Affairs.

41. The agreement additionally included, and continues to include, an arbitration clause. Said clause is void, unconscionable and unenforceable for reasons including, but not limited to, that the contract within which it is contained is void and the clause itself is unconscionable and unenforceable as it seeks to limit the Plaintiff's available remedies as well as shift the cost of litigation to the Plaintiff.

CLASS ACTION ALLEGATIONS

42. Plaintiff brings this action individually and as a class action, pursuant to Rules 23(a) and 23(b) of the Federal Rules of Civil Procedure, on behalf of the following Class: all persons whom reside in South Carolina during the three year prior to the filing of this action and continuing through the resolution of this action who have retained the Defendants to settle their outstanding debts through the use of the Defendants offered debt management services.
43. The Class is so numerous that joinder of all members is impracticable. Although the precise number of Class members is known only to the Defendants, the Defendants regularly offer their debt management services to citizens of the state of South Carolina.
44. There are questions of law and fact common to the Class which predominate over any

questions affecting only individual Class members. The principal common question is whether Defendants conduct in South Carolina violated the South Carolina Consumer Protection Code.

45. Plaintiff's claims are typical of claims of the Class, which all arise from the same operative facts and are based on the same legal theories.
46. Plaintiff will fairly and adequately protect the interests of the Class. Plaintiff is committed to vigorously litigating this matter and has retained counsel experienced in handling class actions and claims involving unlawful business practices and violations of the South Carolina Consumer Protection Code. Neither Plaintiff nor his counsel have any interests which might cause them not to vigorously pursue this claim.
47. This action should be maintained as a class action because the prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members which would establish incompatible standards of conduct for the parties opposing the Class, as well as a risk of adjudications with respect to individual members which would as a practical matter be dispositive of the interests of other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.
48. A class action is a superior method for the fair and efficient adjudication of this controversy. Management of the Class claims is likely to present significantly fewer

difficulties than those presented in many class claims. The identities of the Class members may be obtained from the Defendants' records.

COUNT ONE

Violation of the South Carolina Consumer Protection Code

49. The Plaintiff adopts the averments and allegations of paragraphs 10 through 48 hereinbefore as if fully set forth herein.
50. All allegations made by the Plaintiff herein are also made by the Class.
51. The Plaintiff is a "Consumer" as defined by the South Carolina Consumer Protection Code, §37-1-301(10).
52. The Defendants are a "Credit counseling organization" as defined by the South Carolina Consumer Protection Code, §37-7-101(2).
53. The Defendants violated the South Carolina Consumer Protection Code, §37-7-102, by failing to obtain a license to act as a "credit counseling organization" in the state of South Carolina.
54. The Defendants violated the South Carolina Consumer Protection Code, §37-7-103, by failing to file the required surety bond with the South Carolina Department of Consumer Affairs.
55. The Defendants violated the South Carolina Consumer Protection Code, §37-7-108(1), by failing to provide the Plaintiff with a credit education program designed to improve his financial literacy.
56. The Defendants violated the South Carolina Consumer Protection Code, §37-7-108(2),

by failing to provide the Plaintiff with a thorough, written budget analysis as required therein.

57. The Defendants violated the South Carolina Consumer Protection Code, §37-7-110(7), by failing to provide a conspicuous statement in bold-face type, in immediate proximity to the space reserved for Plaintiff's signature on the contract, that reads as follows: "You may cancel this contract without penalty or obligation for any reason and at any time by giving ten days' written notice of rescission to the licensee. Once your services are cancelled, you are entitled to a refund of all unexpended funds you have paid to the credit counseling organization".
58. The Defendants violated the South Carolina Consumer Protection Code, §37-7-110(C)(1), by failing to disclose to the Plaintiff that the Defendants may receive compensation from Plaintiff's creditors for providing consumer credit services to the Plaintiff.
59. The Defendants violated the South Carolina Consumer Protection Code, §37-7-110(C)(2), by failing to disclose to the Plaintiff that the Defendants may not require, as a condition of entering into a debt management plan, the Plaintiff to purchase any other product or service, or solicit or offer to sell any other product or service to the consumer during the term of the debt management plan.
60. The Defendants violated the South Carolina Consumer Protection Code, §37-7-110(C)(3), by failing to disclose to the Plaintiff that the Defendants may not require

a voluntary contribution from the Plaintiff for a service provided by the Defendants to the Plaintiff.

61. The Defendants violated the South Carolina Consumer Protection Code, §37-7-110(C)(4), by failing to disclose to the Plaintiff that the Plaintiff may contact the Department of Consumer Affairs if he had complaints about the credit counseling services received. The Defendants further failed to provide the current phone number for the South Carolina Department of Consumer Affairs in the Agreement.
62. The Defendants violated the South Carolina Consumer Protection Code, §37-7-112, by charging the Plaintiff fees that are greater than the fees allowed in South Carolina by the South Carolina Department of Consumer Affairs. Additionally, the fees charged and taken out by each Defendant was pursuant to a contract which was known, or should have been known, to be void by each Defendant as said contract was in complete violation of the South Carolina Consumer Protection Code.
63. The Defendants violated the South Carolina Consumer Protection Code, §37-7-113, by failing to provide the Plaintiff with an individualized counseling and education session that at a minimum addressed the following topics: managing household finances, managing credit and debt, budgeting, and personal savings strategies.
64. The Defendants violated the South Carolina Consumer Protection Code, §37-7-116(A)(8) by making a fraudulent, deceptive, or misleading representation to obtain information about a consumer, to solicit business with a consumer, or otherwise in

connection with providing services for or on behalf of any consumer.

65. The Defendants violated the South Carolina Consumer Protection Code, §37-7-116(A)(11) by collecting payments from the Plaintiff before the payment was earned.
66. The Defendants violated the South Carolina Consumer Protection Code, §37-7-116(A)(18) by representing that it was authorized or competent to furnish legal advice or perform legal services.
67. As a result of its actions, the Defendants are liable to the Plaintiff and the Class for actual damages, statutory damages, punitive damages, costs and reasonable attorneys' fees as provided by §37-7-117(B).
68. As a result of its violations, the agreement between the Plaintiff and Defendants is void pursuant to §37-7-116(B).

COUNT TWO

Violation of the South Carolina Unfair Trade Practices Act

69. The Plaintiff adopts the averments and allegations of paragraphs 10 through 68 hereinbefore as if fully set forth herein.
70. All allegations made by the Plaintiff herein are also made by the Class.
71. The activities of the Defendants constitute "trade or commerce" as defined by South Carolina Code §39-5-10, *et. seq.* (As amended).
72. The actions of the Defendants described above constitute unfair and deceptive acts and practices in the conduct of trade and commerce, as prohibited by the South Carolina Unfair Trade Practices Act, §39-5-10 *et. seq.* and are knowing and willful

violations thereof. Specifically, the Defendants engaged in the unfair practice of signing up consumers who are not currently behind on their credit card accounts, tricking those consumers into ceasing payments on those accounts and paying the Defendants instead. Said Defendants claimed and collected illegal fees which directly violated South Carolina law.

73. The Plaintiff further alleges that the actions of the Defendants have a real and substantial potential for repetition and are a threat to the public interest as the Defendants are continuing to engage in the same unfair practices through the date of this Complaint with consumers throughout the state of South Carolina.

74. The Plaintiff has suffered an ascertainable loss of \$16,132.90 due to the unlawful actions of the Defendants and is entitled, under § 39-5-140, to recover actual damages in an amount to be proven at trial, treble of said actual damages for the Defendants' knowing and willful behavior, and an award of reasonable attorney's fees and costs.

COUNT THREE

Conspiracy

75. The Plaintiff adopts the averments and allegations of paragraphs 10 through 74 hereinbefore as if fully set forth herein.

76. All allegations made by the Plaintiff herein are also made by the Class.

77. The Plaintiff alleges that the Defendants, by sending information to the Plaintiff which indicated that he was represented by an attorney, by taking out exorbitant fees prior to paying any debts of the Plaintiff, and by allowing the Plaintiff's previously

current debts to be charged-off, joined together for the purpose of injuring the Plaintiff.

78. The joint actions of the Defendants have caused special damages to the Plaintiff, including but not limited to, the three lawsuits filed against the Plaintiff, all fees paid by the Plaintiff to the Defendants that were held by the Defendants as a variety of “fees”, and the serious harm to the Plaintiff’s credit reputation and credit scores.
79. The damages suffered by the Plaintiff are the result of an overt act by the Defendants.
80. Due to the conspiracy of the Defendants, the Plaintiff has suffered pecuniary losses including out of pocket payments to the Defendants in the amount of \$16,132.90, attorneys’ fees to defend the lawsuits filed against him, damage to his credit reputation, mental anguish, physical sickness and suffering, embarrassment and humiliation.

COUNT FOUR

Breach of Fiduciary Duty

81. The Plaintiff adopts the averments and allegations of paragraphs 10 through 80 hereinbefore as if fully set forth herein.
82. All allegations made by the Plaintiff herein are also made by the Class.
83. Defendants Meracord, NoteWorld and NSC owed a fiduciary duty to the Plaintiff to act loyally for the benefit of Plaintiff in all matters respecting its custodial and trustee role.
84. Meracord, NoteWorld and NSC had a duty to use reasonable efforts to provide

Plaintiff with facts that Meracord, NoteWorld and NSC knew, had reason to know, or should have known were material to Plaintiff's legal interest.

85. Meracord, NoteWorld and NSC negligently and intentionally breached duties owed to Plaintiff, including but not limited to: failing to disclose that Plaintiff's debt settlement contracts were void; failing to disclose that fees being paid from the debt settlement account were forbidden by the South Carolina Consumer Protection code and unowed; initiating transfers of Plaintiff's money to pay unowed, unfair or illegal fees; paying unowed, unfair and/or illegal fees using Plaintiff's funds; and evaluating and ranking its own pecuniary interests above those of Plaintiff, thereby unjustly enriching itself at the expense of the Plaintiff.

COUNT FIVE
Declaratory Relief

86. The Plaintiff adopts the averments and allegations of paragraphs 10 through 85 hereinbefore as if fully set forth herein.
87. All allegations made by the Plaintiff herein are also made by the Class.
88. A dispute exists between the Plaintiff and the Defendants over the Defendants use of the Plaintiff's funds and violations of South Carolina law as set forth herein.
89. The Plaintiff contends that the practices of the Defendants are blatant and willful violations of South Carolina law as set forth herein.
90. Plaintiff contends that he did not agree to arbitration or to waive his rights to bring claims against the Defendants. To the extent that the Defendants assert that the claims

of the Plaintiff are subject to an arbitration agreement, the Plaintiff seeks declaratory relief in the form of a finding that such a purported agreement is void and unenforceable as against public policy and/or unconscionable.

91. The Plaintiff alleges that, to the extent Defendants assert that an arbitration agreement waives the Plaintiff's rights to a trial by jury, such an arbitration agreement is unconscionable and unenforceable.

92. The Plaintiff alleges that, to the extent Defendants assert an arbitration agreement that was a consumer contract of adhesion presented to the Plaintiff in a take-it-or-leave-it manner, and Defendants maintained superior bargaining over the Plaintiff, such an arbitration agreement is unconscionable and unenforceable.

93. The Plaintiff alleges that, to the extent Defendants assert an arbitration agreement that attempts to limit Plaintiff's recovery in the matters alleged herein, such an arbitration agreement is unconscionable and unenforceable.

94. The Plaintiff alleges that, to the extent Defendants assert an arbitration agreement that attempts to require the Plaintiff to bear certain fees and costs associated with the bringing of this action, such an arbitration agreement is unconscionable and unenforceable.

95. The Plaintiff seeks declaratory relief from this court in the form of an order declaring the alleged arbitration agreement unconscionable and therefore unenforceable. Plaintiff also seeks declaratory relief from this Court in the form of an order finding

the Defendants' conduct violated South Carolina law and permanently enjoining the Defendants from doing business in the state of South Carolina in the future.

AMOUNT OF DAMAGES DEMANDED

WHEREFORE, PREMISES CONSIDERED, Plaintiff and Class demands a judgment against the Defendants for the following:

- A. Actual damages for the Defendants' violations of the South Carolina Consumer Protection Code;
- B. Punitive Damages for the Defendants' violations of the South Carolina Consumer Protection Code;
- C. Reasonable costs and attorneys' fees for the Defendants' violations of the South Carolina Consumer Protection Code;
- D. For relief in amounts or other appropriate relief as may be determined for the Plaintiff's actual damages, for actual damages to be trebled by the Court as it deems proper, and attorney's fees against the Defendants for their violations of Sections 39-5-10, *et seq.* of the South Carolina Code of Laws Annotated;
- E. Compensatory and Punitive damages in an amount to be determined by the jury for the Defendants' Conspiracy;
- F. Compensatory damages for Defendant's breach of its fiduciary duty;
- G. For a permanent injunction preventing the Defendants from soliciting and/or accepting any new business in the State of South Carolina;
- H. Declaratory relief that any purported arbitration agreement between the Plaintiff, as well as the Class, and the Defendants is void, unconscionable and unenforceable; and
- I. For such other and further relief as the Court may deem just and proper.

/s/ Penny Hays Cauley _____
Penny Hays Cauley, Fed ID #10323
Attorney for Plaintiff

OF COUNSEL:

HAYS CAULEY, P.C.
549 West Evans Street, Suite E
Florence, SC 29501
(843) 665-1717
(843) 665-1718 Facsimile
phc917@hayscauley.com

PLAINTIFF DEMANDS A TRIAL BY STRUCK JURY ON ALL COUNTS

/s/ Penny Hays Cauley _____
Penny Hays Cauley

SERVE DEFENDANTS VIA CERTIFIED MAIL AS FOLLOWS:

Meracord, LLC
c/o Registered Agent - Danielle Kiersztyn
1001 Pacific Ave #200
Tacoma, WA 98402

NoteWorld, LLC
c/o Linda Remsberg - President and CEO
1001 Pacific Ave #200
Tacoma, WA 98402
(Restricted Delivery)

NoteWorld Servicing Center
c/o Linda Remsberg - President and CEO
1001 Pacific Ave #200
Tacoma, WA 98402
(Restricted Delivery)

Legal Network of America, a Professional Corporation
c/o Spiegel and Utrera, P.A. - Registered Agent
4727 Wilshire Blvd., Suite 601
Los Angeles, CA 90010