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IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS

Division 7

STATE OF KANSAS, *ex rel.*, )  
 DEREK SCHMIDT, Attorney General, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 THE DEFENSE LAW GROUP, P.A. )  
 )  
 Defendant. )

Case No. 13 C 268

FILED BY CLERK  
 K.S. DISTRICT COURT  
 THIRD JUDICIAL DIST.  
 TOPEKA, KS 66604  
 2013 MAR 14 A 9 51

(Pursuant to K.S.A. Chapter 60)

JOURNAL ENTRY OF CONSENT JUDGMENT

NOW on this 13<sup>th</sup> day of March, 2013, Plaintiff's Journal Entry of Consent Judgment comes before the Court pursuant to K.S.A. 50-632(b). The Plaintiff, State of Kansas, *ex rel.* Derek Schmidt, Attorney General, appears by and through Adrian Serene, Assistant Attorney General. Defendant, The Defense Law Group, P.A., appears through Mason A. Pertnoy, Esq., Solowsky & Allen, P.L.

WHEREUPON the parties advise the Court that they have stipulated and agreed to the following:

**PARTIES, JURISDICTION, AND VENUE**

1. Derek Schmidt is the duly elected and acting Attorney General of the State of Kansas.
2. The Attorney General's authority to bring this action is derived from the statutory and common law of the State of Kansas, specifically the Kansas Consumer Protection Act, ("KCPA") K.S.A. 50-623 *et seq.*
3. Defendant The Defense Law Group, P.A. is a professional association, organized and existing under the laws of Florida.

4. Defendant has a principal place of business at 9370 S.W. 72<sup>nd</sup> Street, Suite A-212, Miami, Florida, 33173.
5. Jurisdiction and venue are appropriate in District Court of Shawnee County, Kansas, pursuant to K.S.A. 50-638(a) and (b), respectively.

#### PLAINTIFF'S ALLEGATIONS

6. Defendant is a "supplier" within the definition of K.S.A. 50-624(l).
7. Defendant engaged in "consumer transactions" in Kansas, as defined by K.S.A. 50-624(c).
8. Defendant engaged in the advertising, soliciting, and sale of mortgage loan modification services for a fee, compensation, or gain.
9. Defendant offered to negotiate, and actually negotiated, to defer or reduce a consumer's obligations with respect to credit extended by others—specifically consumer mortgage loans.
10. Defendant engaged in "credit services organization" business, as defined by K.S.A. 50-1117 (c), with residents of Kansas without first obtaining registration from the Kansas State Bank Commissioner, in violation of K.S.A. 50-1118 of the Kansas Credit Services Organization Act, K.S.A. 50-1116 *et seq.* ("CSO Act").
11. Defendant received fees of at least seventeen thousand, six hundred eighty-one dollars (\$17,681.00) from nine Kansas consumers as a result of Defendant's credit services organization business.
12. Defendant's unregistered credit services organization business activities involving Kansas residents constitute violations of the CSO Act.

13. Each of Defendant's violations of the CSO Act constitutes a "deceptive act" or practice, per the KCPA and K.S.A. 50-1132 of the CSO Act.

#### **INJUNCTIVE RELIEF**

14. Defendant agrees to cease and desist engaging in any "credit services organization" business, as defined by K.S.A. 50-1117(c), with Kansas residents.
15. Defendant agrees to comply with the KCPA in all transactions involving Kansas consumers.
16. Defendant agrees to be permanently enjoined from entering into, forming, organizing, or reorganizing into any partnership, corporation, sole proprietorship, or any other legal structures, for the purpose of avoiding compliance with the terms of this Consent Judgment.

#### **MONETARY JUDGMENT**

17. Defendant agrees to refund to the consumers named in Attachment A the settlement sum listed for each consumer. The total amount of monies to be paid by Defendant to Kansas consumers per this Consent Judgment is \$17,681.00.
18. Defendant agrees to pay to the Plaintiff an investigative fee of \$5,000.00.
19. Defendant agrees to make the settlement sums and investigative fee payments to the Plaintiff, in the total amount of \$22,681.00, according to the following schedule:
- Defendant shall make the first payment of \$2,500.00 on March 1, 2012; and thereafter Defendant shall make one payment of \$841.00 per month, on the first calendar day of each month, commencing on or about April 1, 2013, for a term of twenty-four (24) months, through on or about March 1, 2014. If the first calendar day of a particular month in which Defendant is required to make a payment is a nationally recognized

holiday, a Saturday, or a Sunday, Defendant shall have until the next business day following that day to make the payment. Payment shall be considered made on the date a check is placed in the U.S. Mail addressed to Adrian Serene, Assistant Attorney General, Office of Attorney General Derek Schmidt, 120 S.W. Tenth Avenue, Fourth Floor, Topeka, KS 66612.

#### OTHER PROVISIONS

20. If any portion, provision, or part of this Consent Judgment is held to be invalid, unenforceable, or void for any reason whatsoever, that portion shall be severed from the remainder and shall not affect the validity or enforceability of the remaining provisions, portions, or parts.
21. Defendant acknowledges that this Consent Judgment constitutes a resolution of Plaintiff's investigation as to the allegations set forth herein and that nothing about this Consent Judgment shall operate as a bar to any private action that any consumer may bring or has brought against the Defendant.
22. Compliance with this Consent Judgment does not relieve Defendant of any obligation imposed by applicable federal, state, or local law, nor shall this Consent Judgment preclude the Attorney General from taking appropriate legal action to enforce any other statutes under his jurisdiction or from any other Federal or State agency to enforce any other federal, state, or local law under its jurisdiction.
23. Defendant understands that this Consent Judgment shall not be construed as an approval of or sanction by the Attorney General of the Defendant's business practices, nor shall the Defendant represent the Consent Judgment as such approval. The parties further understand and agree that any failure by the State of Kansas or by the Attorney General

to take any action in response to any information submitted pursuant to this Consent Judgment shall not be construed to be an approval of or sanction of any representations, acts, or practices of the Defendant nor shall any inaction by the Attorney General be considered a waiver by the Attorney General of any rights under this Consent Judgment or the law.

24. The parties agree to this Consent Judgment without trial or adjudication of any issue of fact or law solely for the purpose of settlement. Nothing in this Consent Judgment shall act as an admission by Defendant or Guarantor of any liability, allegation or fact. Neither this Consent Judgment nor anything in it shall act as or constitute an admission by Defendant or Guarantor that Defendant, Guarantor, or any of their past or present officers, directors, partners, associates, co-counsel, shareholders, agents, employees, independent contractors, accountants or attorneys, committed any wrongful act, or violated or breached the terms of any agreement or duty owed, whether statutory, fiduciary, common law, administrative, express, implied in fact or implied in law, or otherwise. The parties to this Consent Judgment have agreed to settle this matter simply to avoid the high costs, distraction, diversion and uncertainty of litigation.
25. Plaintiff hereby remises, releases, acquits, satisfies and forever discharges Defendant, The Defense Law Group, P.A. (including Defendant's past and present parent, principals, agents, attorneys, accountants, insurers, servants, and employees, and their respective heirs and personal representatives, all of the foregoing hereinafter collectively referred to as the "Defendant Releasee"), of and from any and all, and all manner of, claims, actions, causes of action, suits, debts, sums of money, accounts, reckonings, contracts, controversies, agreements, promises, damages, and demands whatsoever, in law or in

equity, which Plaintiff had or now have, or which any successor or assign of Plaintiff hereafter can, shall or may have, against any of the Defendant Releasee for, upon, or by reason of any matter, cause or thing whatsoever, relating to the foregoing Plaintiff's Allegations. Notwithstanding the foregoing, Plaintiff expressly excludes from the effect of this Release and does not release the Defendant Releasee from the terms and conditions of this Consent Judgment.

26. If Defendant violates this Consent Judgment, then the signature of Defendant's representative shall constitute consent to venue and personal and subject matter jurisdiction, in the District Court of Shawnee County, Kansas, for enforcement of this Consent Judgment. Should this Consent Judgment be violated and the Attorney General deem it necessary to enforce any provision of this Consent Judgment, then the Defendant's signature below shall be considered a stipulation and waiver of any objection Defendant may have in any action to enforce this Consent Judgment brought by the Attorney General as a result of the violation.
27. Defendant agrees to make available and/or disclose the provisions of this Consent Judgment to each officer, director, and employee of management level of Defendant that is involved in any Kansas operations within 10 (ten) days of signing this Consent Judgment.
28. If any payment is more than 10 (ten) calendar days late or should Defendant's method of payment fail (e.g. the check does not clear or if the same is dishonored), then the same is a violation of this Consent Judgment for non-payment and all unpaid and/or late payments are immediately due and payable along with interest, accrued from the date of default until the date of full payment, at the rate specified by K.S.A. 16-204. Defendant

and Guarantor hereby represent and warrant that they have had the opportunity to consult with and receive the advice of legal counsel regarding all matters relative to this Consent Judgment, including the rights and obligations of Defendant and Guarantor under this Consent Judgment and the consequences of violation of either. Defendant and Guarantor represent that each has read the Consent Judgment and knows and understands the contents thereof. Defendant and Guarantor further represent and warrant that each is signing this Consent Judgment as the result of its own free act, and that they have not relied on any statement(s) or representation(s) of the Attorney General or anyone acting on his behalf, except for those contained in this Consent Judgment.

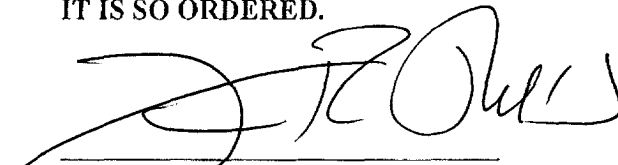
29. The parties agree that the Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the Attorney General to reiterate that nothing related to this Consent Judgment shall be deemed a waiver of the Eleventh Amendment.

30. By signing this Consent Judgment, the representative of the Defendant and of the Guarantor represent and warrant that such person is duly and legally authorized to execute this Consent Judgment on behalf the Defendant and the Guarantor, thus binding the Defendant and the Guarantor to the provisions of this Consent Judgment.

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that the stipulation and agreement of the parties contained herein are adopted and approved pursuant to the Kansas Consumer Protection Act and the provisions of K.S.A. 50-632(b) as the findings of fact and conclusions of law of the Court and that the judgment is entered against Defendant and in favor of Plaintiff for an investigative fee of \$5,000.00 and refund settlement sums of

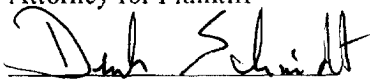
\$17,681.00; the terms of the Consent Judgment are approved and adopted as the Order of the Court.

IT IS SO ORDERED.

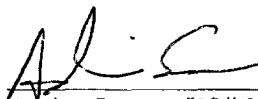
  
\_\_\_\_\_  
District Court Judge

Prepared and approved by:

Attorney for Plaintiff



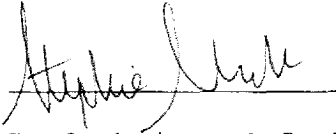
Derek Schmidt, KS# 17781  
Attorney General



Adrian Serene, KS# 22810  
Assistant Attorney General  
Attorney for Plaintiff State of Kansas, ex rel. Derek Schmidt, Attorney General



The Defense Law Group, P.A.

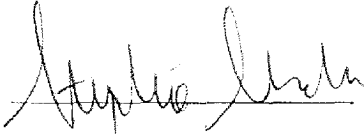


By: Stephanie Granda, President  
The Defense Law Group, P.A.  
9370 S.W. 72 Street, Suite A-212  
Miami FL 33173

GUARANTOR

In consideration of the above and foregoing, Law Offices of Granda & Associates, P.A., 9370 S.W. 72<sup>nd</sup> Street, Suite A-122, Miami, Florida, 33173, a professional association organized and existing under the laws of the State of Florida, hereby guarantees the payment of twenty-two thousand, six hundred eighty-one dollars (\$22,681.00) or the total amount of unpaid payments and interest owed by the Defendant under this Consent Judgment until the whole of said amount is paid.

Law Offices of Granda & Associates, P.A.



By: Stephanie Granda, President  
Law Offices of Granda & Associates, P.A.  
9370 S.W. 72 Street, Suite A-212  
Miami FL 33173