



Ohio Attorney General Marc Dann
Consumer Protection Section

2007 ANNUAL REPORT



Dear fellow Ohioans:

No part of my job is more satisfying, significant, or challenging than standing up for you and every consumer in Ohio — and punishing the scam artists, cheaters, fly-by-night contractors, liars, and outright thieves who have dedicated their lives to doing whatever it takes to steal your money. That is why I promised to “muscle up” the Consumer Protection Section when I was sworn in as our state’s 47th Attorney General on January 8, 2007.

As this edition of the Consumer Protection Section Annual Report clearly shows, I’ve kept my word.

Since taking office I’ve hired the staff needed to aggressively enforce and fully utilize both the Consumer Sales Practices Act and the newly enacted Homebuyer’s Protection Act. We’ve made it easier to file complaints by opening a new Help Center that can be reached after regular business hours and on Saturdays by calling 877-AG4-OHIO or via the Internet at www.ag4ohio.gov. As a direct result of our efforts to strengthen the Section over the past 12 months we’ve filed 54 lawsuits, opened 269 investigations into a variety of scams, and secured 29 civil judgments against companies and individuals who blithely ripped off Ohioans over the past 12 months.

But while those numbers are impressive, they don’t come close to telling the whole story about the critically important work we did in 2007 and will continue to do in 2008.

That work includes playing a leading role in battling predatory lending and the home foreclosure crisis it has spawned across Ohio. Our office was the first in the nation to obtain a court order preventing a predatory lender, New Century Financial, from foreclosing on homes without our approval. We’ve launched criminal and civil investigations against mortgage brokers, appraisers, and foreclosure “rescue” firms, the vultures of the industry who swoop in and pluck the last dollar out of the hands of desperate homeowners — and we won’t stop investigating until the people responsible for devastating communities from Cleveland to Cincinnati, from Toledo to Youngstown, are held accountable for the damage they have done to our state and its families.

Along with predatory lending, the Consumer Protection Section actively and successfully pursued cases that ranged from highly sophisticated Internet scams to complaints against car dealers, home improvement contractors, credit card companies, and telephone solicitors. In addition to handling these more traditional cases, attorneys from the Section played a key role in ridding Ohio of \$200 million a month in illegal gambling by using the Consumer Sales Practices Act to shut down “skill game” parlors that were opening across the state.

It is also important to note that our efforts do more than help individuals: they benefit and protect Ohio’s ethical businesses. By holding companies that are willing to cheat to make a buck accountable, my office ensures that businesspeople who play by the rules have the opportunity to compete and succeed. That’s good for our economy and good for consumers.

Thank you for taking the time to read this report and for supporting our efforts to protect the people of Ohio.

Sincerely,

A handwritten signature in black ink that reads "Marc Dann". The signature is written in a cursive, flowing style.

Marc Dann
Attorney General

**REPORT TO THE GOVERNOR AND GENERAL ASSEMBLY
ON THE OPERATIONS OF THE ATTORNEY GENERAL
UNDER CHAPTER 1345 OF THE REVISED CODE**

January, 2008

A. SCOPE

Chapter 1345 of the Revised Code, entitled the Consumer Sales Practices Act (CSPA), prohibits a supplier from committing an unfair, deceptive or unconscionable act or practice in connection with a consumer transaction. Since its inception in 1972, the CSPA has proven to be a fair and effective regulatory scheme, providing both protections for Ohio consumers and marketplace flexibility for Ohio businesses. The CSPA gives the Attorney General the duty and power to enforce the CSPA on behalf of Ohio consumers. The CSPA is one of the most comprehensive consumer protection statutes in the nation. Additionally, this statute requires the Attorney General to report to the Governor and the General Assembly on the operations of the Attorney General with respect to Chapter 1345 of the Revised Code, and on the acts or practices occurring in this State that violate this chapter. Pursuant to this statutory provision, the Attorney General provides the following report on the Consumer Protection Section's activities since January, 2007.

B. ENFORCEMENT

The Attorney General is empowered to investigate violations of the CSPA, and if violations are discovered, the Attorney General may enforce the law. To accomplish this, the Section has several tools at its disposal. The Attorney General may issue a Cease and Desist order to address the supplier behavior that may violate the law. In addition, the Attorney General has authority to enter into an assurance of Voluntary Compliance (AVC). An AVC is a formal, out-of-court agreement between the Attorney General and the supplier in which the supplier agrees to cease violating the law, agrees to reform business practices, make appropriate restitution, and when appropriate, pay civil penalties. Finally, the Attorney General can pursue litigation to address possible violations. The Legal and Investigative Units are responsible for these tasks.

The Legal and Investigative Units work together to ensure compliance with Ohio consumer laws. The Consumer Protection Section opened 269 investigations in 39 different counties in 2007, an increase of more than 100 investigations from the previous year. To date, those investigations have resulted in the initiation of 54 lawsuits in 20 different counties for various unfair, deceptive and unconscionable business practices. The section took 29 judgments totaling over \$5,000,000.00.

Below are summaries of the lawsuits filed:

ACE MORTGAGE FUNDING — A lawsuit was filed against this business on June 7, 2007, in Hamilton County. The complaint alleged that Ace Mortgage Funding used undue influence on appraisers in regard to home mortgages, violating the Ohio Consumer Sales Practices Act and Mortgage Broker Act. Ace Mortgage Funding is located in Cincinnati, Ohio. The case is pending.

ALL-LINE APPRAISALS, INC. — A lawsuit was filed against this Phoenix Arizona based company on June 7, 2007. The case is pending in Franklin County. The defendant engaged in the practice known as “pre-comping”, by asking appraisers if they would be able to reach a specific value for a particular property.

AMERICAN HOME BROKERAGE CORP. — A lawsuit was filed against this California based company on June 7, 2007. The business faxed a request for an appraisal to an Ohio appraiser stating: “Estimated Property Value Needed \$210,000-\$240,000 or max value... Please contact me if value stated is workable”. A default judgment was granted on October 3, 2007 ordering company to pay \$25K civil penalty.

AMERICAN HOUSING AUTHORITY, INC. AND AMERICAN HOUSING FINANCIAL, INC. — A lawsuit was filed in Lucas County against this company on August 8, 2007. The case was part of the foreclosure rescue scam sweep and is pending. These affiliated companies solicit foreclosure assistance services to consumers across the country, but do little, if any, real work. The companies’ contracts and authorizations forms include unconscionable arbitration terms which are likely not understood by most consumers. The companies impose strict cancellation/refund guidelines which makes it virtually impossible for consumers to be eligible for a refund—despite the fact that consumers are told over the phone that the program is “100% guaranteed”.

AMERIFIRST MORTGAGE: A lawsuit was filed in Franklin County in December of 2007. The case was part of a sweep targeting businesses that use undue influence on appraisers. AmeriFirst Mortgage attempted to improperly influence the outcome of the appraisal instead of allowing the appraiser to complete an independent appraisal of the property. The case is pending.

ANTHONY’S CONCRETE AND MASONRY — The lawsuit was filed in Franklin County on September 20, 2007. Anthony Vilella operates this concrete and masonry business. Our office has eight consumer complaints against Anthony’s alleging losses in the aggregate amount of approximately \$17,200.00. Complaints typically allege shoddy and incomplete work, and that Anthony made false representations regarding the type and quality of work he would provide. The complaint alleges the defendant made false and misleading statements, failed to deliver refunds, failed to perform work in a competent manner, and failed to provide a substantial benefit.

APEX MORTGAGE — A lawsuit was filed against this Columbus, Ohio based company on June 7, 2007. The case is pending in Belmont County. The defendant engaged in the practice known as “pre-comping”, by asking appraisers if they would be able to reach a specific value for a particular property.

BAYER PHARMACEUTICALS — A lawsuit was filed in Franklin County on January 23, 2007. An Agreed Entry and Final Judgment Order was immediately presented to the court and entered on January 31, 2007. The Order was the result of a 30-state consumer protection enforcement action initiated by the states' Attorneys General due to concerns that Bayer failed to adequately disclose safety risks associated with Baycol (a drug used to lower cholesterol that was withdrawn from the market on August 7, 2001). The Order requires Bayer to register most of its clinical studies and then post the results at the end of each study. The Order also demands Bayer's future compliance with the law in the marketing, sale, and promotion of its pharmaceutical and biological products, and prohibits Bayer from making false and misleading claims relating to any such product sold in the United States. The Order provided for a monetary payment to the state in a total amount of \$8,000,000 to the 30 participating states. Ohio's share was \$200,000.

BEAUTIFUL MEMORIES — A lawsuit was filed in Meigs County in December of 2007. The supplier was a seller of funeral related goods and services. Beautiful Memories promised customized items at a relatively inexpensive price. The case alleges that consumers paid money for monuments and/or headstones, but failed to receive the items or a refund of the money paid to the business. The case is pending.

BLUEGRASS MORTGAGE SERVICE, d/b/a NATIONAL MORTGAGE FUNDING — A lawsuit was filed in Montgomery County on December 13, 2007. The case was part of a sweep targeting deceptive advertising related to consumers' mortgages. The company sends out direct mail solicitations causing consumers to believe they were "specially selected" for loan products and other programs. The mailings are sent in "official" looking envelopes appearing to be from a government agency or the consumers' current lenders. The Attorney General entered into an Assurance of Voluntary Compliance with the business in October of 2007 that required the business to reform its advertising practices. However, additional deceptive solicitations were mailed as the AVC was being finalized. The business sends these direct mailings that invite a telephone response, but the company is not registered as a telephone solicitor. The case is pending.

CAMPUS DIMENSIONS/OSU LA BAMBA, INC.— This credit card solicitation lawsuit was filed in Franklin County on September 19, 2007. The office, with attorneys and law students from The Ohio State University Moritz College of Law, filed the complaint regarding credit card solicitations aimed at students. The complaint alleges that flyers posted on campus advertising free food failed to disclose that students would have to apply for credit cards in order to receive the free items. Faculty members from the Moritz Civil Law Practicum are serving as special counsel, and law students will be involved in every aspect of the case.

CARY LAVENSKY, INDIVIDUALLY AND d/b/a HOME RESTORATION SERVICES, INC.— A lawsuit was filed in Cuyahoga County against this company on August 8, 2007. The case was part of the foreclosure rescue scam sweep and is pending. This defendant primarily targeted distressed homeowners in the Cleveland area. He performed no work whatsoever.

CFIC DIRECT — A lawsuit was filed in Licking County in December of 2007. The case was part of a sweep targeting businesses that use undue influence on appraisers. The business attempted to improperly influence the outcome of the appraisal instead of allowing the appraiser to complete an independent appraisal of the property. The case is pending.

CITIBANK/POTBELLY SANDWICH WORKS— This credit card solicitation lawsuit was filed in Franklin County on September 19, 2007. The office, with attorneys and law students from The Ohio State University Moritz College of Law, filed the complaint regarding credit card solicitations aimed at students. The complaint alleges that flyers posted on campus advertising free food or beverages failed to disclose that students would have to apply for credit cards in order to receive the free items. Faculty members from the Moritz Civil Law Practicum are serving as special counsel, and law students will be involved in every aspect of the case.

COURTS ONLINE— A lawsuit was filed in Miami County on March 23, 2007 against this internet business that sells one year memberships for access to criminal checks, background checks, and other personal information searches. The fee for access is between \$24.99 and \$29.99. Consumers alleged that after registering for the site, they did not receive the promised access. Our office received or became aware of 59 consumer complaints against the business. The lawsuit also named the owners, Mark and Diana Musselman. A default judgment was obtained against Mark Musselman, but the lawsuit continues against Diana Musselman.

FIRST CHOICE VINYL— This home improvement case was filed in Franklin County on March 27, 2007. The lawsuit also named Raymond Burdette as a defendant. The complaint alleged that shoddy work was provided for various home improvement projects. The lawsuit was generated by consumer complaints and is pending.

FIRST OHIO BANC & LENDING— A lawsuit was filed against this Independence, Ohio based company on June 7, 2007. The case is pending in Belmont County. The defendant engaged in the practice known as “pre-comping”, by asking appraisers if they would be able to reach a specific value for a particular property.

FORECLOSURE ASSISTANCE SOLUTIONS, INC.— A lawsuit was filed in Delaware County against this company on August 8, 2007. The case was part of the foreclosure rescue scam sweep and is pending. This is a Florida based company that markets its services across the country. F.A.S. sends out direct mailings to consumers they have identified from public websites as being in foreclosure. The solicitation indicates that the consumer has been “pre-selected” for special programs and promises “immediate” help. The total cost is \$1200-\$1500.

FORECLOSURE SOLUTIONS — A lawsuit was filed in August 8, 2007 in Hamilton County. Foreclosure Solutions is a Cincinnati company that operated a mortgage-foreclosure rescue scam. The attorney general's investigation produced evidence that this company may have violated at least four different consumer laws by preying on Ohioans with false promises of saving their homes from foreclosure: the Consumer Sales Practices Act, the Home Solicitation Sales Act, the Debt Adjusters Act, and the Credit Services Organization Act.

FRONTIER APPRAISAL SERVICES/VANDYK MORTGAGE CORP. — A lawsuit was filed in Muskingum County in December of 2007. The case was part of a sweep targeting businesses that use undue influence on appraisers. Frontier Appraisal Services is not licensed as a mortgage broker or a second mortgage lender in Ohio. The businesses have attempted to improperly influence the outcome of the appraisal instead of allowing the appraiser to complete an independent appraisal of the property. The case is pending.

GAMES PEOPLE PLAY— A lawsuit was filed in Licking County on September 4, 2007. The case was part of our effort to enforce the Skill-based Amusement Games Rule. The case was dismissed following legislative action that made the administrative rule unnecessary.

GLOBAL PERSONNEL— This job listings case was filed in Franklin County on November 8, 2007. The lawsuit alleges unfair, deceptive, and unconscionable business practices in the solicitation of employment related services. The defendant placed help wanted ads in local newspapers. When consumers responded to the ads, they were told to appear for an interview. Instead of finding jobs, they were sold a membership which would supposedly get them access to exclusive job listings and interviews. The exclusive job listings turned out to be help wanted ads that were cut out of the newspaper and placed into a binder. The memberships cost approximately \$390.00. The case is pending.

GOLD RUSH SKILL GAMES— A lawsuit was filed in Licking County on September 4, 2007. The case was part of our effort to enforce the Skill-based Amusement Games Rule. The case was dismissed following legislative action that made the administrative rule unnecessary.

GUIDANT CORPORATION— A lawsuit was filed in Franklin County on August 30, 2007. An Agreed Entry and Final Judgment Order was immediately presented to the court and entered on September 7, 2007. The Order was the result of a 36 -state consumer protection enforcement action initiated by the states' Attorneys General due to concerns regarding Guidant Corporation, a wholly owned subsidiary of Boston Scientific and one of the world's three largest manufacturers of Implantable Cardioverter Defibrillators (ICDs) and the sale of Ventak Prizm 2 DR Model 1861 (Prizm) ICD. The attorneys general began investigating Guidant when they learned that Guidant made changes in 2002 to correct a Prizm wiring problem that could cause the unit to short circuit. If the Prizm short-circuited, it could fail to deliver a life-saving jump-start to a patient's heart when needed. Guidant continued to sell unmodified Prizms even after making two separate changes to correct the Prizm wiring problem. Guidant did not inform physicians or the public until May, 2005, that it had continued to sell unmodi-

fied Prizms in 2002 and 2003. The Order requires Guidant to make significant changes to their safety monitoring practices so that similar situations do not occur again. It provided for a monetary payment by Purdue to the states in the amount of \$16,750,000. Ohio's share was \$390,000.

HARV'S CARS— This Title Defect Recision case (TDR) was filed in Mahoning County on August 6, 2007. Claims were made against the TDR fund based upon consumer complaints for Harv's Cars failure to deliver motor vehicle titles. The business was an incorporated motor vehicle dealer previously operated by Buddy Harvey. The dealership is now out of business. Consumer refunds made through the TDR fund totaled approximately \$38,700. The lawsuit named the corporation and Buddy Harvey as defendants.

HOG FARM— A lawsuit was filed in Brown County on January 7, 2007 against the Hog Farm, Inc. ("Hog Farm") and Richard Doyle, its principal officer. The business sold self-assembly motorcycle kits. Approximately ten consumers have contacted our office to file complaints against The Hog Farm. Consumers paid anywhere from \$12999 to \$19250 for their motorcycle kits, but received neither their orders nor refunds. Counts include failure to deliver, false and misleading sales representations, and failure to provide substantial benefit.

HOTTIE BODIES— A lawsuit was filed in Franklin County on June 26, 2007. Charles and Diana White were named as individual defendants. This tanning facility closed unexpectedly. Consumers had paid in advance for services to which they no longer had access. A default judgment has been awarded.

INNER HEALTH, INC.— A lawsuit was filed in Franklin County on April 4, 2007. This do-not-call case was filed against a chiropractic office that obtains traffic accident reports from law enforcement and solicits consumers via telephone without regard to the Do Not Call Registry. The case is pending.

INTEREST REDUCTION CENTER/EFFICIENT PAYMENT GROUP/AVALON FINANCIAL CORP. — A lawsuit was filed in Stark County on December 13, 2007. The case was part of a sweep targeting deceptive advertising related to consumers' mortgages. Interest Reduction Center and Efficient Payment Group send out direct mailings to consumers regarding their mortgages, inviting a telephone response from the consumers. None of the defendants are registered as a telephone solicitor. The mailings lead consumers to believe that they have overpaid interest on their last mortgage payment. When consumers call, they are solicited to sign up for a bi-weekly mortgage payment plan offered by Avalon Financial Corp. that will supposedly save them thousands of dollars in interest. Transaction and enrollment fees are not properly disclosed. The case is pending.

ISLAND FINANCIAL— On February 8, 2007 Island Financial submitted appraisal requests to Central Appraisals, a central Ohio licensed appraiser. The appraisal requests were for residential property in Licking and Muskingum counties. In each request, Island Financial identified a specific "value needed" for the appraisal. The appraiser refused to do the appraisals. Island Financial is a licensed mortgage broker. Lawsuit filed June 7, 2007, Franklin County Common Pleas Court, case pending.

KEMPER MORTGAGE — A lawsuit was filed in Montgomery County in December of 2007. The case was part of a sweep targeting deceptive advertising related to consumers' mortgages. Kemper Mortgage is an Illinois based mortgage broker with several offices in Ohio. The company sends out deceptive mailings in official looking envelopes that appear to be from the homeowners' current lenders. The envelopes not only list the mortgage company, but also state "new PIN number enclosed", leading consumers to believe that the information contained inside relates to their ATM cards. The solicitations market "new expanded mortgage programs" supposedly available to only "select" homeowners. Kemper Mortgage sends these direct mailings that invite a telephone response, but the company is not registered as a telephone solicitor. The case is pending.

LUCKY YOU— A lawsuit was filed in Columbiana County on August 29, 2007. The case was part of our effort to enforce the Skill-based Amusement Games Rule. The case was dismissed following legislative action that made the administrative rule unnecessary.

MASTERGARD, INC.— Mastergard, Inc. is an Ohio corporation engaged in the home improvement business, including work on windows, siding, doors, decks, fences and patio rooms. A lawsuit was filed in Franklin County on July 25, 2007. At the time of filing, our office had 14 unresolved complaints against Mastergard, centering on the supplier's shoddy and unworkmanlike service and/or its failure to deliver the goods/services contracted for. The consumer losses range from \$387.00 to \$56,000.00. The company is run by Daniel Sechriest, who was also named as a defendant. The case is pending.

NATIONS LENDING — A lawsuit was filed in Cuyahoga County in December of 2007. The case was part of a sweep targeting businesses that use undue influence on appraisers. Nations Lending attempted to improperly influence the outcome of the appraisal instead of allowing the appraiser to complete an independent appraisal of the property. The case is pending.

NEW CENTURY— A lawsuit filed March 14, 2007 in Cuyahoga County Court of Common Pleas; Preliminary Injunction in place; case pending. Plaintiffs filed the action due to concerns that Defendants' precarious financial position was jeopardizing the ability of Ohio consumers to obtain financing of residential mortgage loans and to avoid foreclosure on existing mortgages. That same day the Court issued a Temporary Restraining Order prohibiting Defendants from soliciting Ohio consumers for broker services or residential mortgage loans; accepting fees from Ohio consumers in connection with residential mortgage loans except fees disbursed by a closing agent after a loan is closed and funded by an entity other than the Defendants; accepting mortgage loan applications in Ohio; arranging for appraisals in connection with mortgage loans where consumers will be obligated to pay, directly or indirectly, for such appraisal; initiating new foreclosure actions, continuing to prosecute pending foreclosure actions, enforcing foreclosure sale notices, or evicting consumers from houses in foreclosure; or transferring, selling or assigning rights to any Ohio residential mortgage loans.

POWER PLAY— A lawsuit was filed in Belmont County on September 4, 2007. The case was part of our effort to enforce the Skill-based Amusement Games Rule. The case was dismissed following legislative action that made the administrative rule unnecessary.

PREMIERE SERVICE MORTGAGE— A lawsuit was filed against this business on June 7, 2007, in Butler County. The complaint alleged that the business used undue influence on appraisers in regard to home mortgages, violating the Ohio Consumer Sales Practices Act and Mortgage Broker Act. Premiere Service Mortgage is located in West Chester, Ohio. The case is pending.

PURDUE PHARMA — A lawsuit and Agreed Entry and Final Judgment Order were filed on May 8, 2007. The Order was the result of a 26-state consumer protection enforcement action initiated by the states' Attorneys General due to concerns that Purdue Pharma had engaged in extensive off-label marketing of OxyContin, a time-released, Schedule II opioid used for pain management of moderate to severe pain over an extended period of time, and that Purdue Pharma failed to adequately disclose abuse and diversion risks associated with the drug in violation of the states' respective consumer protection statutes. The injunctive provisions contained in the Order address those marketing practices believed to have been excessive or abusive. The Order requires Purdue Pharma to maintain an abuse and diversion-detection program that the company established internally to detect problem prescribing, and requires all field personnel to undergo training on the program before being allowed to promote OxyContin. The Order provided for a monetary payment by Purdue to the states in a total amount of \$19,500,000. Ohio's share was \$949,500.

RANDALL MORTGAGE — A lawsuit was filed in Franklin County in December of 2007. The case is a joint project with the Department of Commerce. It attempts to force brokers who go out of business to secure their records for a period of five years, pursuant to Department of Commerce Regulations. It seeks civil penalties against the individual broker who failed to secure records, which increases the risk of identity theft. The case is pending.

RICHARD PINNIX d/b/a PINNIX BUSINESS SERVICES— A lawsuit was filed in Franklin County against this company on August 8, 2007. The case was part of the foreclosure rescue scam sweep and is pending. Richard Pinnix is the founder, owner, and operator of the company. Defendant markets foreclosure assistance to homeowners facing foreclosure in the Cuyahoga County area, but provides little, if any real service to consumers after taking their money.

ROBERT ROACH d/b/a THE VALLEY MORTGAGE GROUP— A lawsuit was filed against this Belmont County based company on June 7, 2007. The case is pending. The defendant engaged in the practice known as “pre-comping”, by asking appraisers if they would be able to reach a specific value for a particular property.

ROCK SOLID HOMES— A lawsuit was filed in Lake County on November 26, 2007. The owners, Richard A. Peterlin and Kyle Lulow, were also named in this case alleging violation of the CSPA and the Debt Adjuster Act. The company markets to homeowners who are looking to quickly sell their homes and to home purchasers that are unable to obtain traditional financing. There are located

in Willoughby and primarily targeted consumers in the Cleveland area. The company convinces a financially distressed homeowner to deed their property to Rock Solid Homes and move out, even though they are still responsible for making the mortgage payments. Rock Solid's promises to manage the property, find a renter to make the payments, and eventually sell the home. Our office has received at least 11 consumer complaints alleging that Rock Solid failed to provide the promised services.

SAGE CREDIT COMPANY— On January 5, 2007, Sage Credit Company submitted an appraisal request to Central Appraisals for residential property located in Franklin County. In the appraisal request, Sage Credit Company stated that it “wants value at \$310,000—NEED AGGRESSIVE APPRAISER!” The appraiser refused to do the appraisal. Sage is a licensed second mortgage lender. Lawsuit filed June 7, 2007. Discovery revealed only once instance of misconduct. Agreed Entry and Order filed November 14, 2007 with appropriate declaratory and injunctive relief, a paid civil penalty of \$5000 and a paid fees and costs of \$1500. There were no consumers involved in the case so there was no consumer restitution.

SENATE BANC, INC. — A lawsuit was filed in Stark County on December 13, 2007. The case was part of a sweep targeting deceptive advertising related to consumers' mortgages. Senate Banc, Inc., formerly known as AAA Banc Group, uses unfair and deceptive direct mail solicitations to solicit the purchase of its mortgage brokerage services. Although the supplier is not registered as a telemarketer, these mailings invite the consumer to contact its office by telephone to obtain further information. The business uses the names of consumers' banks on its advertisements and makes misleading statements to induce consumers to believe the mailing is from their bank. The case is pending.

SKILL GAMES 2— A lawsuit was filed in Belmont County on September 4, 2007. The case was part of our effort to enforce the Skill-based Amusement Games Rule. The case was dismissed following legislative action that made the administrative rule unnecessary.

STEM TO STERN BOAT WORKS— This failure to deliver case was filed in Geauga County on November 1, 2007. The lawsuit alleges unfair, deceptive, and unconscionable acts and practices against the defendant, a seller of marine related goods. Consumer complaints alleged that the defendant operated a website where he mainly sold parts for upgrading and repairing watercrafts. Several consumers placed orders through the website, but never received their goods, or received goods which were different than what they ordered. The defendant failed to issue a refund or satisfactory exchange. The case is pending.

STRIKE IT RICH— A lawsuit was filed in Columbiana County on August 29, 2007. The case was part of our effort to enforce the Skill-based Amusement Games Rule. The case was dismissed following legislative action that made the administrative rule unnecessary.

TREASURE CHEST— A lawsuit was filed on August 29, 2007 in Seneca County. The case was part of our effort to enforce the Skill-based Amusement Games Rule. The case was dismissed following legislative action that made the administrative rule unnecessary.

UNITED FORECLOSURE MANAGERS— A lawsuit was filed in Mahoning County against this company on August 8, 2007. The case was part of the foreclosure rescue scam sweep and is pending. The owners, Fred Regna and Russ Cameron were also named as defendants. This company sends out direct mailings to consumer facing foreclosure. United Foreclosure appears to have done nothing more for consumers beyond hiring a local attorney to file an answer, and in some cases has not even done that. Consumers sign an authorization form allowing the defendants to act as their designated agents to resolve the mortgage delinquency, but in at least 5 instances, there has been no communication with the lender.

VSP AUTO BODY REPAIR— A lawsuit was filed in Franklin County on February 15, 2007. This do-not-call case was filed against a collision repair facility that obtains traffic accident reports from law enforcement records and solicits consumers via telephone without regard to the Do Not Call Registry. The case was resolved by consent judgment on June 22, 2007. The defendant was permanently enjoined from further violations and was ordered to pay \$5000 for consumer damages. Supplier was also assessed a \$10,000 civil penalty and \$2500 in investigative costs, suspended upon full and complete compliance with the entry and order.

WALL STREET MORTGAGE BANKERS— On January 30, 2007, Wall Street Mortgage Bankers submitted an appraisal request to Central Appraisals for residential property located in Franklin County. In the appraisal request, Wall Street Mortgage Bankers identified the “suggested value” of the property and further stated that “If preliminary research shows that value is not there please DO NOT do appraisal and contact the agent.” The appraiser refused to do the appraisal. Wall Street Mortgage Bankers originates loans and is not a licensed broker. Lawsuit filed June 7, 2007. Discovery revealed only once instance of misconduct. Agreed Entry and Order filed November 14, 2007 with appropriate declaratory and injunctive relief, a paid civil penalty of \$5000 and a paid fees and costs of \$1500. There were no consumers involved in the case so there was no consumer restitution.

WALTERS NEW CAR ALTERNATIVE— This Title Defect Recision case (TDR) was filed in Fairfield County on May 11, 2007. Claims were made against the TDR fund based upon consumer complaints for failure to deliver motor vehicle titles. The business was owned by Charles Walters. The dealership is now out of business. A default judgment was obtained that included \$22,340.55 in restitution to the TDR fund and a \$25,000.00 civil penalty.

WHOLESALE AUTOBROKERS— This Title Defect Recision case (TDR) was filed in Summit County on December 13, 2007. Claims were made against the TDR Fund based upon consumer complaints for failure to deliver motor vehicle titles. David Severy owned the motor vehicle dealership, which is no longer in business. The lawsuit was filed to recover the expenditures paid to consumers from the TDR Fund.

YOUR MONEY ACCESS — A lawsuit was filed in on December of 2007 in District Court in the Eastern District of Pennsylvania. Your Money Access is a third-party payment processor that facilitated fraud by providing services to telemarketers engaged in unfair and deceptive practices. Co-plaintiffs include the Federal Trade Commission and the State Attorneys General from Illinois, North Carolina, North Dakota, Vermont, Iowa and Nevada.

C. SECTION HIGHLIGHTS

- 1) Enforcement of the new predatory lending law through filing of lawsuits, creation of civil and criminal task forces, collaboration with the governor and other agencies, and many community outreach events.
- 2) Adopting an emergency administrative rule, the Skill-based Amusement Games Rule, that was instrumental in spurring the Ohio Legislature to amend the gambling statute to make the disputed machines illegal to operate in Ohio.
- 3) Multi-state investigations and litigation involving pharmaceutical and medical device issues, misleading health claims, privacy and security issues and product safety continue to bring in large settlements and accomplish nationwide industry changes.

D. CONSUMER ASSISTANCE DIVISION

The Consumer Assistance Division is dedicated to the mediation of consumer complaints filed with this office and to educate Ohio's consumers about consumer protection issues and emerging trends. Since January 2007, the Division received more than 22,700 consumer complaints.

Top Ten Consumer Complaints Reported to the Attorney General's Office

Every year the Attorney General compiles a list of the top ten complaint generating areas. For 2007, the top ten generating areas were:

1. Auto
2. Collections/Credit Reporting
3. Household Services/Improvements
4. Telecommunications
5. Professional Services
6. Shopping/Apparel/Accessories
7. Health & Beauty
8. Financial
9. Residential Mortgage
10. Computers and Internet

E. EDUCATION

Consumer education continued to be a priority for the Consumer Protection Section. In addition to education materials, the Section has personal contact with many consumers through a variety of outreach programs. Focus groups for consumer education include the elderly, students, minorities, and other vulnerable segments of the population.

Beyond the standard consumer education approaches described above, the Consumer Protection Section partnered with the United Postal Service and the Postal Inspection Service to pioneer a new approach to consumer education. “Fake Checks” have become an enormous consumer fraud problem, resulting in significant losses for consumers. Attorney General Dann partnered with the postal agencies to focus education efforts directly on banks and credit unions. We are educating financial institutions and credit unions on how to identify fake check scams. They will provide information to consumers at the point of the transaction and explain the risks should they elect to complete the transaction. We hope to eliminate this consumer fraud in its initial stages, prior to any financial loss to consumers.

F. CONSUMER LAWS

In addition to the CSPA, the Ohio Attorney General’s Consumer Protection Section enforces many other Ohio laws and federal statutes created to protect consumers from unfair business practices. Among the Ohio laws the Consumer Protection Section is charged with enforcing are:

PREDATORY LENDING LAW — Brings non-bank mortgage lenders and mortgage brokers into the jurisdiction of the CSPA, providing the Attorney General authority to investigate and initiate legal proceedings against predatory lending practices.

HOME SOLICITATION SALES ACT — Protects consumers from unethical door-to-door sales practices and allows consumers a three-day “cooling off” period during which the sale can be canceled.

TELEPHONE SOLICITATION SALES ACT — Requires certain telephone solicitors to meet statutory requirements, post a bond and register with the Ohio Attorney General’s Office prior to being able to solicit Ohio consumers.

PREPAID ENTERTAINMENT CONTRACTS ACT — Protects consumers who sign contracts with health spas, dance studios, diet centers, dating services, and martial arts training schools by providing a three-day “cooling off” period and by specifying conditions under which a contract can be canceled.

TITLE DEFECT RECISION ACT — Creates the TDR Fund, administered by the Consumer Protection Section, to provide refunds to retail purchasers of motor vehicles who are unable to obtain a certificate of title within the statutory period of time.

LEMON LAW — Requires automakers to repair any design or construction defect that affects the use, value, or safety of a new motor vehicle within the first 12 months or 18,000 miles.

ODOMETER ROLLBACK AND DISCLOSURE ACT — Makes it illegal to alter the mileage reading of a motor vehicle and requires that accurate mileage disclosures be made when selling the motor vehicle.

BUSINESS OPPORTUNITIES PURCHASERS PROTECTION ACT — Requires the disclosure of certain information in the sale of business opportunity plans and provides other safeguards such as a required “cooling off” period for consumer investors.

CREDIT SERVICES ORGANIZATIONS ACT — Regulates businesses that charge consumers to improve credit histories or obtain extensions of credit, by requiring various disclosures, a “cooling off period” and prohibiting certain conduct such as receiving any payment prior to providing all services.

DEBT ADJUSTERS ACT — Regulates businesses that offer debt pooling, adjusting, or management services, by requiring business audits and insurance coverage, and placing limitations on contributions that can be accepted from the debtor.



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