



State of North Carolina

Department of Justice
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September 18, 2012

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North Carolina Senate President *Pro Tempore* Phil Berger
North Carolina House of Representatives Speaker Thom Tillis
Chairs, Joint Legislative Commission on Governmental Operations

Senator Harry Brown
Senator Thom Goolsby
Representative James L. Boles, Jr.
Representative N. Leo Daughtry
Representative Pat B. Hurley
Representative Shirley B. Randleman
Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: N.C.G.S. § 114-2.5; Report of Settlement – Consent Judgment entered as to The Consumer Law Group, P.A., Michael L. Metzner, American Debt Negotiators, Inc., Ran David, Barnea, and Daniel T. Post ("The Consumer Law Group")

Dear Members:

N.C.G.S. § 114-2.5 requires the Attorney General to report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety regarding settlement agreements, final orders, or judgments which result in more than \$75,000 being paid to the State not less than thirty (30) days prior to the disbursement of the funds. Pursuant to that requirement, I am writing to report the consent judgment as to The Consumer Law Group, P.A., Michael L. Metzner, American Debt Negotiators, Inc., Ran David, Barnea, and Daniel T. Post ("The Consumer Law Group").

By a consent judgment dated January 23, 2012, North Carolina, by and through its Department of Justice, agreed to resolve its dispute regarding The Consumer Law Group's offering of debt adjusting services and collecting advance fees for such services in violation of the Debt Adjusting Act N.C.G.S. § 14-423, *et seq.*, and engaging in unfair and deceptive practices in the marketing, solicitation and performance of their debt relief services in violation of the Unfair Practices Act, N.C.G.S. § 75-1.1.

Defendants are permanently enjoined from (i) advertising, marketing, soliciting, or offering any debt settlement services, debt negotiation services, or any related debt adjusting services to North Carolina residents, other than continuing to provide services to existing North Carolina customers who enrolled for such services prior to the Court's entry of the preliminary injunction on October 14, 2010, and unless the debt management program is in compliance with the Debt Adjusting Act; (ii) entering into contracts with any North Carolina residents for the performance of any debt settlement services or debt negotiation services; (iii) charging, collecting, or receiving any further fees from any North Carolina residents for the performance of debt settlement services or debt negotiation services, except for charging reasonable post-settlement fees in full compliance with N.C.G.S. § 14-423, *et seq.*, and 16 C.F.R. §§ 310.1, *et seq.*, and § 310.4(a)(5) for debt settlements reached on behalf of existing North Carolina customers on or after October 1, 2011; and (iv) making any deceptive or misleading representations or engaging in unfair and deceptive practices in the advertising, marketing, soliciting, or offering of any debt settlement services, debt negotiation services, or any related debt adjusting services to North Carolina residents.

Under the judgment, the defendants paid \$650,000 which represents defendants' total and complete obligation to the State for monetary relief, including claims for restitution, and reimbursement of the State's costs and fees. These fees shall be paid in restitution to North Carolina consumers who were formerly, or are currently, enrolled in defendants' debt settlement program, and the Attorney General shall have discretion in apportioning and disbursing restitution in an amount and manner he deems appropriate. The Attorney General may allocate an amount of up to \$50,000 for the State's attorneys' fees, investigative costs, or for consumer protection or education purposes.

We will be happy to respond to any questions you may have regarding this report. Please feel free to contact me at (919) 716-6400.

Very truly yours,



Kristi Hyman
Chief of Staff

KH/jyc

cc: Kristine Leggett, Fiscal Research, NCGA
Nels Roseland, Chief Fiscal Officer, NC DOJ