

FILED

STATE OF NORTH CAROLINA
2019 APR 25 AM 11: 49
WAKE COUNTY
WAKE CO., C.S.C.

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
NO. 18 CVS 012726

STATE OF NORTH CAROLINA *ex-rel.*)
JOSHUA H. STEIN, Attorney General,)

Plaintiff,)

v.)

SCOTT L. LACEY, individually, d/b/a SCOTTS)
TREE SERVICE; RANDY L. SHANNON JR.,)
individually; STEPHEN J. LOMBARDI,)
individually; AMY R. LOMBARDI a/k/a AMY)
R. PAULK, individually; and GOLDBERG &)
DONOVAN, INC.,)

Defendants.)

**CONSENT JUDGMENT
WITH
STEPHEN J. LOMBARDI,
individually; AMY R. LOMBARDI
a/k/a AMY R. PAULK, individually;
and GOLDBERG & DONOVAN,
INC.**

THIS CAUSE came on to be heard and was heard before the undersigned Wake County Superior Court Judge for entry of a Consent Judgment between Plaintiff, State of North Carolina, by and through its Attorney General (“the State”), and Defendants STEPHEN J. LOMBARDI, individually; AMY R. LOMBARDI a/k/a AMY R. PAULK, individually; and GOLDBERG & DONOVAN, INC. (collectively “these defendants”). These defendants are represented by counsel. The Court finds that the parties have resolved the matters in controversy between them and have agreed to the entry of this Consent Judgment by the Court without trial or adjudication of any issue of fact or law, and without finding or admission of wrongdoing or liability of any kind.

I. FINDINGS OF FACT

1.1 Plaintiff State of North Carolina is acting through its Attorney General, Joshua H. Stein, pursuant to authority granted in Chapters 75 and 114 of the North Carolina General Statutes to protect the public from unlawful business practices.

1.2 Defendant Stephen J. Lombardi is a citizen and resident of Massachusetts and resides at 136 Mill St., Hopedale, Massachusetts. He was a managing agent of defendant Goldberg & Donovan, Inc. at all times relevant to this action. On and after October 18, 2018, he was also President of defendant Goldberg & Donovan, Inc.

1.2 Defendant Amy R. Lombardi, a/k/a Amy R. Paulk, is a citizen and resident of Massachusetts and resides at 136 Mill St., Hopedale, Massachusetts. She was President and a managing agent of defendant Goldberg & Donovan, Inc. at all times relevant to this action until October 18, 2018. Thereafter she was a managing agent of defendant Goldberg & Donovan, Inc.

1.3 Defendant Goldberg & Donovan, Inc. is a Massachusetts corporation authorized to do business in Massachusetts, with its principal place of business at 197 Main St., Milford, Massachusetts.

1.4 The State alleges that these defendants violated the North Carolina Collection Agency Act, N.C. Gen. Stat. § 58-70-90 *et seq.*, and the North Carolina Deceptive Practices Act., N.C. Gen. Stat. §§ 75-1.1 *et seq.*, including by:

- i. Deceptively holding themselves out to be authorized to collect debt from consumers in North Carolina by engaging in debt collection efforts in the State, when these defendants were not authorized to collect debts from consumers in North Carolina because they lacked a permit from the North Carolina Department of Insurance, in violation of N.C. Gen. Stat. § 58-70-110(7);

- ii. Threatening to file a lien the following day when they had no intention to actually file the lien the following day, in violation of N.C. Gen. Stat. § 58-70-95(7);
- iii. Falsely stating that an alleged debtor's resistance to paying the alleged debt would only expedite collection activities, in violation of N.C. Gen. Stat. § 58-70-95(7);
- iv. Falsely accusing an alleged debtor of insurance fraud, in violation of N.C. Gen. Stat. § 58-70-95(2);
- v. Harassing an alleged debtor by making multiple threats to impose a lien on the alleged debtor's property if he did not quickly pay a disputed debt, in violation of N.C. Gen. Stat. § 58-70-100;
- vi. Falsely implying that a legal action had been opened against an alleged debtor, including by using a civil case caption in a written communication to the alleged debtor and referring to the matter as "a legal matter," when no case had actually been filed, in violation of N.C. Gen. Stat. § 58-70-110(4);
- vii. Misrepresenting defendant Amy R. Lombardi's real name, in violation of N.C. Gen. Stat. § 58-70-110(1);
- viii. Falsely representing the status or true nature of the services rendered by the collection agency, such as representing that defendants would file a lien on the alleged debtor's property when defendants had no intention of engaging in such conduct, in violation of N.C. Gen. Stat. § 58-70-110(7);
- ix. Holding an officer agent or employee of defendant Goldberg & Donovan, Inc. out to be a lawyer and/or creating the appearance that Goldberg & Donovan, Inc. is a law firm, including by representing that any communication with the

alleged debtor may contain privileged information and by failing to correct an alleged debtor who addressed defendant Stephen J. Lombardi as “Attorney Lombardi,” thereby falsely representing the status or true nature of the services rendered by the collection agency, in violation of N.C. Gen. Stat. § 58-70-110(7);

- x. Falsely stating that an alleged debtor had signed a document, in violation of N.C. Gen. Stat. § 58-70-110(4);
- xi. Deceptively representing the character of the alleged debt, including by asserting that an alleged debtor owed the debt and that a court would order the alleged debtor to pay an alleged debt, notwithstanding the alleged debtor’s defenses, in violation of N.C. Gen. Stat. § 58-70-110(4);
- xii. Falsely representing on the Goldberg & Donovan, Inc. website that the company could pursue consumer and commercial debt anywhere in the country, when Goldberg & Donovan, Inc. did not possess a permit to engage in collection activities against North Carolina consumers, in violation of N.C. Gen. Stat. § 58-70-110(7); and
- xiii. Engaging in debt collection against an alleged debtor without first obtaining a permit from the North Carolina Department of Insurance when the granting of such permit would have ensured compliance with the numerous provisions designed to protect North Carolina consumers set forth in N.C. Gen. Stat. § 58-70-5, in violation of N.C. Gen. Stat. § 58-70-115.

1.5 These defendants deny the State’s allegations described in paragraph 1.4 and as contained in the Complaint but, in the interest of compliance and resolution of this matter, desire

to resolve this controversy without further proceedings and cost and are therefore willing to agree to the entry of this Consent Judgment.

II. CONCLUSIONS OF LAW

2.1 This Court has jurisdiction over the parties and the subject matter of this action.

2.2 Venue is proper in Wake County.

2.3 N.C. Gen. Stat. §§ 58-70-90 *et seq.* and §§ 75-1.1 *et seq.* govern the alleged business practices of these defendants that gave rise to this controversy.

2.4 The North Carolina Attorney General is the proper party to commence these proceedings under the authority of N.C. Gen. Stat. §§ 75-14 and -15, and by virtue of his statutory and common law authority to protect the interests of the citizens of the State of North Carolina.

2.5 This Consent Judgment shall be governed by the laws of the State of North Carolina.

2.6 Entry of this Consent Judgment is just and proper and in the public interest.

2.7 The State's Complaint states a cause of action against these defendants upon which relief may be granted, and the Court finds good and sufficient cause to adopt this agreement of the parties and these findings of fact and conclusions of law as its determination of their respective rights and obligations and for entry of this Consent Judgment.

2.8 The parties have agreed to resolve their differences and the agreement of the parties is just and reasonable with respect to all parties.

2.9 The Court approves the terms of the parties' agreement and adopts them as its own determination of the parties' respective rights and obligations.

III. GENERAL PROVISIONS

3.1 Other State Governmental Entities. This Consent Judgment shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina and nothing in this Consent Judgment shall in any way preclude any investigation or enforcement under any legal authority granted to the State for transactions not subject to this action.

3.2 Retention of Jurisdiction. The Court retains jurisdiction over this action to take any further action deemed necessary to enforce this Consent Judgment, including imposition of penalties, and to award the State judgments for any costs, including reasonable attorney's fees, it incurs in the event of material noncompliance by any of these defendants.

3.3 No Sanction of Business Practices. These defendants shall not represent directly or indirectly or in any way whatsoever that the Court or the North Carolina Attorney General has sanctioned, condoned, or approved any part or aspect of these defendants' business operations.

3.4 Release of Claims. This Consent Judgment shall fully resolve all legal claims and issues raised in the State's Complaint against these defendants for their activities up to the date of this Consent Judgment.

3.5 Joint and Several Liability. These defendants shall be jointly and severally liable for all amounts that are due and owed under this Consent Judgment.

3.6 No Admission of Violation of Law. This Consent Judgment shall not be construed as, or be evidence of, admissions by these defendants of anything, including but not limited to admission of any violation of North Carolina law, or any other law, nor shall it be construed as a finding by this Court of any violation of North Carolina law, or any other law.

3.7 Private Right of Action. Nothing in this Consent Judgment shall be construed to affect any private right of action that a consumer, person, entity, or by any local, state, federal or other governmental entity, may hold against these defendants.

3.8 Regulation of Other Conduct. Nothing in this Consent Judgment is intended to relieve these defendants of their responsibility to comply with all applicable North Carolina laws.

IV. PERMANENT INJUNCTIVE RELIEF

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that:

4.1 Defendants Stephen J. Lombardi, Amy R. Lombardi a/k/a Amy R. Paulk, and Goldberg & Donovan, Inc., together with their businesses, officers, agents, servants, employees, successors, assigns, attorneys, and any others acting in concert or under the actual direction or control of these defendants, are permanently enjoined, under N.C. Gen. Stat. § 75-14, from engaging in the business of collecting debts in North Carolina.

4.2 These defendants, together with their businesses, officers, agents, servants, employees, successors, assigns, attorneys, and any others acting in concert or under the actual direction or control of these defendants, are further permanently enjoined from engaging in prohibited practices by collection agencies engaged in the collection of debts from North Carolina consumers as set forth in North Carolina's Collection Agency Act, N.C. Gen. Stat. § 58-70-90 *et seq.*, including but not limited to:

- i. Deceptively holding themselves out to be authorized to collect debt from consumers in North Carolina by engaging in debt collection efforts in the State, when these defendants are not authorized to collect debts from consumers in North Carolina because they lack a permit from the North Carolina Department of Insurance, in violation of N.C. Gen. Stat. § 58-70-110(7);

- ii. Threatening to file a lien the following day when they have no intention to actually file the lien the following day, in violation of N.C. Gen. Stat. § 58-70-95(7);
- iii. Falsely stating that an alleged debtor's resistance to paying the alleged debt will only expedite collection activities, in violation of N.C. Gen. Stat. § 58-70-95(7);
- iv. Falsely accusing an alleged debtor of insurance fraud, in violation of N.C. Gen. Stat. § 58-70-95(2);
- v. Harassing an alleged debtor by making multiple threats to impose a lien on the alleged debtor's property if he does not quickly pay a disputed debt, in violation of N.C. Gen. Stat. § 58-70-100(3);
- vi. Falsely implying that a legal action has been opened against an alleged debtor, including by using a civil case caption in a written communication to the alleged debtor, or referring to the matter as "a legal matter," in violation of N.C. Gen. Stat. § 58-70-110(4);
- vii. Misrepresenting any of these defendants' real names, in violation of N.C. Gen. Stat. § 58-70-110(1);
- viii. Falsely representing the status or true nature of the services rendered by the collection agency, such as representing that defendants will file a lien on an alleged debtor's property when defendants have no intention of engaging in such conduct, in violation of N.C. Gen. Stat. § 58-70-110(7);
- ix. Holding out an officer agent or employee of defendant Goldberg & Donovan, Inc. to be a lawyer and/or creating the appearance that Goldberg & Donovan, Inc. is a law firm, including by representing that any communication with the alleged debtor may contain privileged information or by failing to correct an alleged

debtor who addresses one of the defendants as an attorney, thereby falsely representing the status or true nature of the services rendered by the collection agency, in violation of N.C. Gen. Stat. § 58-70-110(7);

- x. Falsely stating that an alleged debtor has signed a document, in violation of N.C. Gen. Stat. § 58-70-110(4);
- xi. Deceptively representing the character of an alleged debt, including by asserting that the alleged debtor owes the debt and that a court will order the alleged debtor to pay an alleged debt, notwithstanding the alleged debtor's defenses, in violation of N.C. Gen. Stat. § 58-70-110(4);
- xii. Falsely representing on the Goldberg & Donovan, Inc. website that the company may pursue consumer and commercial debt anywhere in the country, when Goldberg & Donovan, Inc. does not possess a permit to engage in collection activities against North Carolina consumers, in violation of N.C. Gen. Stat. § 58-70-110(7); and
- xiii. Engaging in debt collection against an alleged debtor without first obtaining a permit from the North Carolina Department of Insurance.

4.3 These defendants, together with their businesses, officers, agents, servants, employees, successors, assigns, attorneys, and any others acting in concert or under the actual direction or control of these defendants, are permanently enjoined from obtaining, receiving or collecting payment from any person in connection with consumer debt collection activities in North Carolina occurring on or after September 7, 2018.

4.4 These defendants, together with their businesses, officers, agents, servants, employees, successors, assigns, attorneys, and any others acting in concert or under the actual

direction or control of these defendants, are further permanently enjoined, under N.C. Gen. Stat. § 75-14, from destroying, removing, transferring, erasing, or otherwise disposing of any business or financial records relating to defendants' businesses, including but not limited to any business or financial records relating to monies obtained from any North Carolina consumer, until the conclusion of this action, including any appeals, regarding the remaining defendants.

4.5 These defendants shall reasonably cooperate with the State in its continuing litigation of the above-captioned matter, including but not limited to producing documents and providing truthful testimony in the form of affidavits, depositions, and live testimony at any hearing or trial, if reasonably requested by the State.

4.6 Defendants acknowledge that a material part of the consideration for the Attorney General to enter into this Consent Judgment is Defendants' representations set forth in the affidavit of defendant Stephen J. Lombardi executed on April 9, 2019, including that the only North Carolina consumers from whom these defendants sought to collect an alleged debt since September 7, 2018, are Vikki and Brad Garman and that these defendants did not collect any monies from the Garmans. If, upon motion by the State, the Court finds that defendant Stephen J. Lombardi made any material false statement in that affidavit or that these defendants attempted to collect, or did collect, alleged debts from any other North Consumers after September 7, 2018, the State will be entitled to seek appropriate relief from the Court, including but not limited to restitution and/or disgorgement.

V. MONETARY RELIEF

IT IS FURTHER ORDERED that:


5.1 Attorney Fees. These defendants shall pay the sum of Two Thousand Dollars (\$2,000.00) to the Attorney General to be used for attorney fees, investigative costs, consumer

protection enforcement, other consumer protection or restitution purposes, and other purposes allowed by law, at the discretion of the Attorney General. These defendants shall pay the attorney fees amount set forth above via cashier's check or other certified funds made payable to the "North Carolina Department of Justice" on or before the date this Consent Judgment is executed.

5.2 Civil Penalty. Defendants shall jointly and severally pay the State Thirty-Eight Thousand Dollars (\$38,000.00) in civil penalties. However, payment of Twenty-Five Thousand Dollars (\$25,000.00) of this civil penalty is suspended as long as these defendants are in full compliance with the terms of this Consent Judgment. If, at any time, these defendants violate the terms of this Consent Judgment, this suspended penalty shall be immediately due to the State. The remaining Thirteen Thousand Dollars (\$13,000.00) currently due shall be paid by cashier's check or other certified funds made payable to the "North Carolina Department of Justice" on or before the date this Consent Judgment is executed.

SO ORDERED.

Date: April 24, 2019

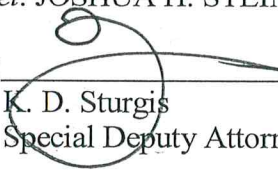


Hon.
SUPERIOR COURT JUDGE

THE UNDERSIGNED PARTIES HEREBY CONSENT TO THE TERMS AND CONDITIONS OF THIS CONSENT JUDGMENT AS SET FORTH ABOVE, AND HEREBY CONSENT TO ENTRY THEREOF:

PLAINTIFF:

STATE OF NORTH CAROLINA,
ex rel. JOSHUA H. STEIN, Attorney General

BY: 

K. D. Sturgis
Special Deputy Attorney General

Date: April 17, 2019

BY: *Daniel Wilkes*
Daniel T. Wilkes
Assistant Attorney General

Date: April 17, 2019

DEFENDANTS:

Consented and agreed to by defendant
Stephen J. Lombardi:

Stephen Lombardi

Date: April 8, 2019

Consented and agreed to by defendant
Amy R. Lombardi a/k/a Amy R. Paulk:

Amy R. Paulk

Date: April 8, 2019

Consented and agreed to by defendant
Goldberg & Donovan, Inc.:

Stephen Lombardi - Pres.
President

Date: April 8, 2019

John E. Branch, III
Shanahan McDougal PLLC
John E. Branch, III, Esq.
*Counsel for defendants Stephen J. Lombardi,
Amy R. Lombardi a/k/a Amy R. Paulk,
and Goldberg & Donovan, Inc.*

Date: April 17, 2019