

FILED

STATE OF NORTH CAROLINA  
WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE  
SUPERIOR COURT DIVISION  
NO. 21 CVS 8775  
2022 MAY 18 PM 3: 21  
WAKE CO., C.S.C.

STATE OF NORTH CAROLINA *ex rel.* )  
JOSHUA H. STEIN, Attorney General, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
 )  
MICHAEL D. GRINNELL, individually )  
and d/b/a AMSTAR SERVICES and )  
HOME RELIEF SERVICES, )  
 )  
Defendant. )

**DEFAULT JUDGMENT**

Pursuant to Rule 55 of the North Carolina Rules of Civil Procedure, the undersigned Judge, presiding over the May 16, 2022 civil session of Wake County Superior Court, grants the Motion for Judgment by Default of Plaintiff State of North Carolina, *ex rel.* Joshua H. Stein, Attorney General, against Defendant Michael D. Grinnell, individually and d/b/a Amstar Services and Home Relief Services. Based upon the Court’s review of the record and the arguments of counsel, the Court makes the following:

**I. FINDINGS OF FACT**

1. The Plaintiff in this case is the State of North Carolina (“the State”), acting through its Attorney General, Joshua H. Stein, pursuant to authority granted in Chapters 75 and 114 of the North Carolina General Statutes.
2. The Defendant in this case is Michael D. Grinnell (hereafter “Defendant”).
3. The State filed its Complaint, with supporting affidavits, on June 25, 2021.
4. In its Complaint, the State alleged that Defendant engaged in trade and commerce

affecting consumers within the meaning of Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1. The State further alleged that Defendant violated North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.* The State sought a permanent injunction, consumer restitution, and civil penalties against Defendant, alleging that Defendant's unlawful acts and practices included, but were not limited to, the following:

- (a) Engaging in the business or practice of "debt settlement," as Defendant held himself out as acting as an intermediary between North Carolina consumers and consumers' mortgage lenders or servicers in order to obtain loan modifications for consumers – namely, for the purpose of negotiating, reducing, or altering the terms of consumers' mortgage loans;
- (b) Engaging in the business or practice of "foreclosure assistance," as Defendant held himself out as acting as an intermediary between consumers and consumers' mortgage lenders or servicers in order to obtain loan forbearances, loan modifications, or other concessions on behalf of consumers in order to prevent foreclosures on consumers' homes;
- (c) Soliciting and receiving a fee in advance of all the debt settlement or foreclosure assistance services agreed to having been rendered in full;
- (d) Making deceptive and misleading representations to consumers that Defendant could and would obtain mortgage loan modifications on behalf of consumers on highly favorable terms, without any basis for believing that Defendant could obtain such loan modification;
- (e) Collecting money from financially distressed consumers for mortgage loan modification and foreclosure assistance services, but failing to render any

meaningful or beneficial services to consumers;

(f) Representing that consumers would receive full refunds if Defendant failed to obtain a mortgage loan modification or prevent foreclosure, when very few, if any, consumers received such refunds; and

(g) Inflicting substantial harm on financially distressed consumers by causing consumers to lose critical time and money in addressing their mortgage loan or foreclosure situations.

5. On March 4, 2022, pursuant to Rule 55(a) of the North Carolina Rules of Civil Procedure, the Wake County Assistant Clerk of Court entered an Entry of Default against Defendant upon the State's Motion for Entry of Default.

6. On April 5, 2022, the State filed a Motion for Judgment by Default with this Court, moving that this Judgment by Default be granted, pursuant to Rule 55(b)(2) of the North Carolina Rules of Civil Procedure.

## II. CONCLUSIONS OF LAW

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

8. Defendant was properly served process in accordance with Rule 4 of the North Carolina Rules of Civil Procedure and N.C. Gen. Stat. § 1-75.10(a)(2).

9. Defendant has failed to file an answer or other responsive pleading; and, therefore, all of the allegations made by the State in the Complaint are deemed admitted.

10. The Complaint states claims upon which relief may be granted. The conduct alleged in the Complaint is in or affecting commerce.

11. From the record in this case, the State has made a sufficient showing that Defendant has engaged in violations of North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et*

*seq.*, and Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1.

12. Defendant is subject to a Judgment by Default as provided by Rule 55(b)(2) of the North Carolina Rules of Civil Procedure. Defendant is liable to the State for the relief requested by reason of the facts shown in the Complaint filed in this action, together with the record in this action.

13. This Court finds that entry of this Judgment by Default is in the public interest in order to prevent further harm to affected consumers.

14. This Court concludes that good and sufficient cause exists for entry of this Judgment by Default, pursuant to N.C. Gen. Stat. §§ 14-423, *et seq.*, 75-1.1, and North Carolina Rule of Civil Procedure 55(b).

### **III. PERMANENT INJUNCTIVE RELIEF**

**IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED** that:

1. Defendant and his businesses, officers, agents, employees, representatives, successors or assigns, and any persons acting in concert or under the actual direction or control of Defendant, are hereby permanently restrained and enjoined, under N.C. Gen. Stat. § 75-14, from engaging in acts and practices prohibited by North Carolina's Debt Adjusting Act, N.C. Gen. Stat. § 14-423, *et seq.*, and Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1.

2. Defendant and his businesses, officers, agents, employees, representatives, successors or assigns, and any persons acting in concert or under the actual direction or control of Defendant, are hereby permanently restrained and enjoined, under N.C. Gen. Stat. § 75-14, from:

- (a) Advertising, offering, or entering into contracts with North Carolina consumers or in the State of North Carolina to perform mortgage loan modification, foreclosure assistance, debt settlement, or any other debt relief services;

- (b) Soliciting or collecting any payments, directly or indirectly, from North Carolina consumers for the performance of mortgage loan modification, foreclosure assistance, debt settlement, or any other debt relief services; and
- (c) Performing or purporting to perform any mortgage loan modification, foreclosure assistance, debt settlement, or other debt relief services on behalf of North Carolina consumers.

3. Pursuant to N.C. Gen. Stat. § 75-15.1, all contracts entered into by Defendant, under any business name, with any North Carolina consumer for the performance of mortgage loan modification, foreclosure assistance, debt settlement, or other debt relief services, are hereby cancelled.

**IV. MONETARY RELIEF**

**IT IS FURTHER ORDERED** that Plaintiff State of North Carolina, pursuant to N.C. Gen. Stat. §§ 75-1.1, 75-15.1, and 14-425, shall have and recover from Defendant consumer restitution in the amount of \$5,046.00, to be distributed by the State to the North Carolina consumers identified in the affidavits submitted in support of the State’s Complaint.

**IT IS FURTHER ORDERED** that Plaintiff State of North Carolina, pursuant to N.C. Gen. Stat. §§ 75-1.1 and 75-15.2, shall have and recover from Defendant a civil penalty of five thousand dollars (\$5,000) for each violation of the Unfair and Deceptive Trade Practices Act, and that each act be deemed a separate violation, totaling the amount of \$15,000.

**SO ORDERED**, this the 17 day of May, 2022.

  
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WILLIAM PITTMAN  
SUPERIOR COURT JUDGE PRESIDING