



**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION**

DISTRICT OF COLUMBIA

Vs.

C.A. No. 2009 CA 002674 B

UNITED LEASING ASSOCIATES OF AMERICA, LTD.

INITIAL ORDER AND ADDENDUM

Pursuant to D.C. Code § 11-906 and District of Columbia Superior Court Rule of Civil Procedure ("SCR Civ") 40-I, it is hereby **ORDERED** as follows:

(1) Effective this date, this case has assigned to the individual calendar designated below. All future filings in this case shall bear the calendar number and the judge's name beneath the case number in the caption. On filing any motion or paper related thereto, one copy (for the judge) must be delivered to the Clerk along with the original.

(2) Within 60 days of the filing of the complaint, plaintiff must file proof of serving on each defendant: copies of the Summons, the Complaint, and this Initial Order. As to any defendant for whom such proof of service has not been filed, the Complaint will be dismissed without prejudice for want of prosecution unless the time for serving the defendant has been extended as provided in SCR Civ 4(m).

(3) Within 20 days of service as described above, except as otherwise noted in SCR Civ 12, each defendant must respond to the Complaint by filing an Answer or other responsive pleading. As to the defendant who has failed to respond, a default and judgment will be entered unless the time to respond has been extended as provided in SCR Civ 55(a).

(4) At the time and place noted below, all counsel and unrepresented parties shall appear before the assigned judge at an Initial Scheduling and Settlement Conference to discuss the possibilities of settlement and to establish a schedule for the completion of all proceedings, including, normally, either mediation, case evaluation, or arbitration. Counsel shall discuss with their clients **prior** to the conference whether the clients are agreeable to binding or non-binding arbitration. **This order is the only notice that parties and counsel will receive concerning this Conference.**

(5) Upon advice that the date noted below is inconvenient for any party or counsel, the Quality Review Branch (202) 879-1750 may continue the Conference **once**, with the consent of all parties, to either of the two succeeding Fridays. Request must be made not less than six business days before the scheduling conference date. No other continuance of the conference will be granted except upon motion for good cause shown.

Chief Judge Lee F. Satterfield

Case Assigned to: Judge JEANETTE J CLARK

Date: April 8, 2009

Initial Conference: 9:30 am, Friday, July 10, 2009

Location: Courtroom 219

500 Indiana Avenue N.W.

WASHINGTON, DC 20001

ADDENDUM TO INITIAL ORDER AFFECTING ALL MEDICAL MALPRACTICE CASES

In accordance with the Medical Malpractice Proceedings Act of 2006, D.C. Code § 16-2801, et seq. (2007 Winter Supp.), "[a]fter an action is filed in the court against a healthcare provider alleging medical malpractice, the court shall require the parties to enter into mediation, without discovery or, if all parties agree[,] with only limited discovery that will not interfere with the completion of mediation within 30 days of the Initial Scheduling and Settlement Conference ("ISSC"), prior to any further litigation in an effort to reach a settlement agreement. The early mediation schedule shall be included in the Scheduling Order following the ISSC. Unless all parties agree, the stay of discovery shall not be more than 30 days after the ISSC." D.C. Code § 16-2821.

To ensure compliance with this legislation, on or before the date of the ISSC, the Court will notify all attorneys and *pro se* parties of the date and time of the early mediation session and the name of the assigned mediator. Information about the early mediation date also is available over the internet at <https://www.dccourts.gov/pa/>. To facilitate this process, all counsel and *pro se* parties in every medical malpractice case are required to confer, jointly complete and sign an EARLY MEDIATION FORM, which must be filed no later than ten (10) calendar days prior to the ISSC. Two separate Early Mediation Forms are available. Both forms may be obtained at www.dccourts.gov/medmalmediation. One form is to be used for early mediation with a mediator from the multi-door medical malpractice mediator roster; the second form is to be used for early mediation with a private mediator. Both forms also are available in the Multi-Door Dispute Resolution Office, Suite 105, 515 5th Street, N.W. (enter at Police Memorial Plaza entrance). Plaintiff's counsel is responsible for eFiling the form and is required to e-mail a courtesy copy to earlymedmal@dcsc.gov. *Pro se* Plaintiffs who elect not to eFile may file by hand in the Multi-Door Dispute Resolution Office.

A roster of medical malpractice mediators available through the Court's Multi-Door Dispute Resolution Division, with biographical information about each mediator, can be found at www.dccourts.gov/medmalmediation/mediatorprofiles. All individuals on the roster are judges or lawyers with at least 10 years of significant experience in medical malpractice litigation. D.C. Code § 16-2823(a). If the parties cannot agree on a mediator, the Court will appoint one. D.C. Code § 16-2823(b).

The following persons are required by statute to attend personally the Early Mediation Conference: (1) all parties; (2) for parties that are not individuals, a representative with settlement authority; (3) in cases involving an insurance company, a representative of the company with settlement authority; and (4) attorneys representing each party with primary responsibility for the case. D.C. Code § 16-2824.

No later than ten (10) days after the early mediation session has terminated, Plaintiff must eFile with the Court a report prepared by the mediator, including a private mediator, regarding: (1) attendance; (2) whether a settlement was reached; or, (3) if a settlement was not reached, any agreements to narrow the scope of the dispute, limit discovery, facilitate future settlement, hold another mediation session, or otherwise reduce the cost and time of trial preparation. D.C. Code § 16-2826. Any Plaintiff who is *pro se* may elect to file the report by hand with the Civil Clerk's Office. The forms to be used for early mediation reports are available at www.dccourts.gov/medmalmediation.

Chief Judge Lee F. Satterfield

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Superior Court of the
District of Columbia
Washington, D.C.

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION

DISTRICT OF COLUMBIA)
a municipal corporation)
441 4th Street, N.W., Suite 650 N)
Washington, D.C. 20001,)

Plaintiff,)

v.)

United Leasing Associates of America, Ltd.)
3275 Intertech Drive, Suite 100)
Brookfield, WI 53045,)
Serve: The Mayor of the District of)
Columbia, through his delegated)
agent for service of process, the)
D.C. Department of Consumer &)
Regulatory Affairs' Superintendent)
of Corporations)

Balboa Capital Corporation)
2010 Main Street, 11th Floor)
Irvine, CA 92614,)
Serve: The Mayor of the District of)
Columbia, through his delegated)
agent for service of process, the)
D.C. Department of Consumer &)
Regulatory Affairs' Superintendent)
of Corporations)

Chesapeake Industrial Leasing Co., Inc.)
9512 Harford Road, 1st Floor)
Baltimore, MD 21234,)
Serve: National Registered Agents Inc.)
1090 Vermont Ave. N.W. #910)
Washington, D.C. 20005)

0002674--09

Civil Action No. _____

Judge _____

Television Broadcasting Online, Inc.
2300 M Street, NW, Suite 800
Washington, D.C. 20037,

Urban Interfaith Network, Inc.
2300 M Street, NW, Suite 800
Washington, D.C. 20037,

Willie Perkins
636 12th Street NE, #B3
Washington, D.C. 20002,

Michael J. Morris
2770 Tyburn Oaks Court
Waldorf, MD 20601

Defendants

COMPLAINT

Defendants targeted a scam at African-American religious congregations in the District of Columbia and in other regions of the country. The scam was designed to illegally obtain hundreds of thousands of dollars from congregations across the country by fraudulently inducing them to accept computer equipment on the representation that it was "free of charge." In fact, the congregations unwittingly were induced to sign leases that obligated them to pay tens of thousands of dollars for equipment that did not work, and the value of which was a small fraction of what the Defendants sought to compel the congregations to pay.

The scheme is ongoing and in many cases is causing the congregations to hemorrhage thousands of dollars a month in lease payments and late fees, as well as negatively impacting their credit ratings.

Jurisdiction

1. This Court has jurisdiction over the subject matter of this case pursuant to D.C. Official Code § 11-921 (2001) and D.C. Official Code § 28-3909 (2001). This Court has personal jurisdiction over Defendants pursuant to D.C. Code § 13-423(a) (2001).

Parties

2. Plaintiff, District of Columbia, a municipal corporation empowered to sue and be sued, brings this action under the District of Columbia Consumer Protection Procedures Act, D.C. Official Code § 28-3901 et seq. (2001) and District of Columbia common law in its *parens patriae* capacity to protect the interest and well-being of District of Columbia residents.

3. Defendant Television Broadcasting Online Ltd. ("TVBO") is a Maryland corporation with its principal place of business located at 5921 Shoshone Drive, Oxon Hill, Maryland 20724. TVBO also has a District of Columbia business location at 2300 M Street NW, Suite 800, Washington DC 20037. TVBO is the parent corporation of Urban Interfaith Network.

4. Defendant Urban Interfaith Network, Inc. ("Urban Interfaith") is a Maryland corporation with its principal place of business located at 5921 Shoshone Drive, Oxon Hill, Maryland 20724. Urban Interfaith also has a District of Columbia business location at 2300 M Street NW, Suite 800, Washington DC 20037. Urban Interfaith is a subsidiary of TVBO.

5. Defendant United Leasing Associates of North America, Ltd. ("United Leasing") is a Wisconsin corporation with its principal place of business located at 3275

Intertech Drive, Suite 100, Brookfield, WI 53045. Defendant United Leasing engages in leasing transactions nationwide, including to persons in the District of Columbia. During the time period relevant to this Complaint, United Leasing engaged in transactions in the District of Columbia from which the claims herein arise.

6. Defendant Balboa Capital Corporation (“Balboa”) is a California corporation with its principal place of business located at 2010 Main Street, 11th Floor, Irvine, CA. 92614. Defendant Balboa engages in leasing transactions nationwide, including to persons in the District of Columbia. During the time period relevant to this Complaint, Balboa engaged in transactions in the District of Columbia from which the claims herein arise.

7. Defendant Chesapeake Industrial Leasing Company, Inc. (“Chesapeake”) is a Maryland corporation with its principal place of business located at 9512 Harford Road, Baltimore, MD 21234. Defendant Chesapeake engages in leasing transactions nationwide, including to persons in the District of Columbia. During the time period relevant to this Complaint, Chesapeake engaged in transactions in the District of Columbia from which the claims herein arise.

8. Defendant Willie Perkins (“Perkins”) is an individual whose address is 636 12th Street NE, #B3, Washington, DC 20002. At all times relevant to this Complaint Perkins, both individually and as an agent of TVBO, Urban Interfaith, and United Leasing, Balboa, and Chesapeake (“Defendant Leasing Companies”) engaged in transactions with persons in the District of Columbia from which the claims herein arise.

9. Defendant Michael Morris (“Morris”) whose address is 2770 Tyburn Oaks Court, Waldorf, MD 20601. At all times relevant to this Complaint Morris, both

individually and as an agent of TVBO, United Interfaith and the Defendant Leasing Companies, engaged in transactions with persons in the District of Columbia from which the claims herein arise.

FACTS

10. From late 2004 through the date of this Complaint, Defendants conspired to illegally obtain thousands of dollars from hundreds of predominantly African-American congregations in the District of Columbia and elsewhere using fraud, unconscionable contract terms, and unauthorized collections practices.

Creation of the Scheme

11. Michael Morris and Willie Perkins were key players in the entities TVBO and Urban Interfaith (these two persons are referred to collectively as the “TVBO Defendants”). All of the TVBO Defendants have significant contacts with the District of Columbia. Morris and Perkins, through TVBO and Urban Interfaith, concocted a scheme whereby they would “lease” basic computer equipment to church congregations around the country.

12. The equipment was marketed to the congregations as “an information kiosk” that the congregations could use to facilitate communication among members of the community; post notices relating to church activities, employment and other opportunities; and provide the congregation another mode of communication at its facilities.

13. In reality, each kiosk was nothing more than a desktop computer and printer housed in mahogany casing. The computers did not contain any significant software. At most, the value of each kiosk was a few thousand dollars.

14. Prior to approaching the congregations, the TVBO Defendants reached a

financial agreement with each of the Defendant Leasing Companies. Each time that the TVBO Defendants obtained a congregation's agreement to accept the placement of a kiosk at their facility, the TVBO Defendants would receive compensation directly from the Defendant Leasing Companies. Thus, the TVBO Defendants had a financial incentive to place as many kiosks in as many congregations as possible to maximize their revenue.

15. Acting as agents of the Defendant Leasing Companies, the TVBO Defendants approached numerous congregations in the District of Columbia and asked permission to place kiosks at their facilities. The TVBO Defendants explicitly promised to place the kiosks on the congregations' property *at no cost to the congregations*.

16. Perkins and Morris told officials for the congregations that "sponsors" would pay fees to advertise on the kiosks and that, instead of costing the congregation money, the kiosks would actually generate revenue for the benefit of the congregation.

17. Perkins and Morris promised the congregations that, even though the congregation would have to sign a lease for the kiosk, this was nothing but a technicality; the congregation would have *no financial liability* for acceptance and use of the kiosk. Perkins and Morris assured the congregations that the lease payments would be paid by the advertising sponsors with which Perkins and Morris were associated.

18. The equipment leases were presented to the congregations by the TVBO Defendants as agents for the Defendant Leasing Companies. The signed leases were those of the Defendant Leasing Companies, which used the TVBO Defendants as their agents to market the kiosks and obtain execution of the lease documents.

The Leases

19. Both the terms of, and the amounts charged under, the leases were

unconscionable. For example, one of United Leasing's agreements contains the following language: "the Lease cannot be cancelled by you for any reason, even if the equipment fails or is damaged and it is not your fault. We are leasing it to you 'as is' and we disclaim all express and implied warranties. . . . If you do not pay us . . . you agree that we may . . . directly debit (charge) your bank accounts(s) and/or sue you for all past due rent and other charges You agree to be subject to suit in the courts of Wisconsin and waive any right to a jury trial. . . . You waive all rights and remedies you may have under the UCC, including those in Sections 2A-508 through 2A-522."

20. Upon information and belief, the leases were drafted by the Defendant Leasing Companies specifically to avoid application of state Consumer Protection statutes designed to protect against the exact type of conduct in which the Defendants engaged.

The Kiosks

21. After delivery, most of the congregations discovered mechanical problems with the kiosks; many, if not most, of the kiosks did not even operate. As directed by Perkins and Morris, the congregations contacted them regarding the maintenance of the kiosks. Perkins and Morris would respond that they were working on the problems and that they would be fixed shortly. Sometimes they made the repairs and other times the kiosk would never be fixed. Some congregations have been paying exorbitant lease payments for equipment that has never worked. But whether the kiosk worked or not, the bills from the leasing companies began to arrive.

22. Initially, the TVBO Defendants would present a check to the congregations each month (supposedly the "sponsor payment"), for approximately the

amount of the lease obligation, ask the congregations to deposit the check in their accounts, and make a payment to the leasing company. The TVBO Defendants encouraged the congregations to have their bank accounts automatically debited each month for the lease amount because Perkins and Morris assured them that a check to cover the lease payment would be deposited in their account every month. Once again, the congregations were told that they would not have to pay any money for the kiosk, because "sponsor" checks would be sent to them quarterly.

23. Throughout the course of the scheme, the "sponsor" checks were delivered late or would often be returned for insufficient funds. The congregations began receiving calls from the Defendant Leasing Companies demanding payment and would respond to the Defendant Leasing companies that they were waiting for the check from the TVBO Defendants for the payment. The congregations expressed to Perkins and Morris their frustration with this cumbersome monthly process.

24. On February 24, 2008, some of the congregations received a letter from Perkins that stated, "in response to our many churches requesting that they be removed from the handling of checks for the payment of kiosk lease agreements, effective April 1, 2008 ... all payments will be made directly to the leasing company on your behalf"

25. For months thereafter, the congregations assumed that the sponsors and/or the TVBO Defendants were making payments for the leases from the sponsorship funds as promised. However, TVBO was not making the lease payments and the Defendant Leasing Companies began to harass the congregations for the monies. In reality, there never were any sponsors making payments to the congregations.

26. As an example, the Mt. Horeb congregation was induced by the TVBO

Defendants to sign a lease for two kiosks. After receiving the February 24, 2008 letter, they were told by Perkins that they would not have to write a check each month for the lease payment. On September 8, 2008, however, unauthorized by the congregation and without its knowledge or consent, United Leasing debited the congregation's checking account 22 times in one day, removing \$62,801.00 of the congregation's limited funds.

27. The congregation, shocked by this unauthorized debit, immediately contacted the TVBO Defendants, who assured them that the money would be returned by the Defendant Leasing Companies. The money was never returned. Instead, Perkins and Morris stopped returning calls from the Mt. Horeb congregation. The kiosks at Mt. Horeb were never activated by the TVBO Defendants and were therefore useless to the congregation.

28. Many other congregations in the District have been the target of a identical pattern of fraud identical to Mt. Horeb's. These include St. Philip the Evangelical, Miles Memorial, Antioch Baptist, Lane Memorial and Washington City, which have been forced to remove money from their community funds to keep paying the leases out of fear of litigation and damage to their credit rating. Congregations such as Ward Memorial, Mt. Moriah and Holy Trinity have never been able to pay the leases.

29. The Defendant Leasing Companies have harassed the congregations to make lease payments. They have removed substantial monies from the congregations' accounts without consent. They have charged late fees and other excessive and unwarranted fees. Some of the Leasing Companies have engaged in aggressive efforts to collect under the leases, including filing lawsuits against the congregations to collect outstanding monies.