

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL  
CIRCUIT, IN AND FOR PALM BEACH COUNTY, FLORIDA

OFFICE OF THE ATTORNEY GENERAL,  
DEPARTMENT OF LEGAL AFFAIRS,  
STATE OF FLORIDA,

Plaintiff,

Case No.:

12-4851(8)

vs.

UNITED FINANCIAL SYSTEMS, INC., a Florida  
corporation; and CHRISTOPHER BOULAHANIS,  
individually,

Defendants.

FILED FOR RECORDS  
CLERK OF CIRCUIT COURT  
BROWARD COUNTY, FLORIDA  
2012 FEB 29 AM 8:54  
CIRCUIT DIV.

STIPULATED PERMANENT INJUNCTION AND FINAL JUDGMENT

This action came to be heard upon Plaintiff's Agreed Motion to Enter Stipulated Permanent Injunction and Final Judgment against Defendants **UNITED FINANCIAL SYSTEMS, INC. and CHRISTOPHER BOULAHANIS** (hereinafter collectively referred to as "Defendants"), the Defendants having agreed to enter into this Consent Permanent Injunction and Final Judgment ("Judgment"), the Defendants having stipulated to the findings of fact set forth below, and the Defendants having agreed that this Court has jurisdiction to enter a permanent injunction and final judgment in this matter, the Court makes the following findings:

1. Plaintiff Office of the Attorney General, Department of Legal Affairs, State of Florida (the "Department") is an agency of the state and the enforcing authority under the Florida Deceptive and Unfair Trade Practices Act, Florida Statutes Section 501.201 *et seq.*
2. United Financial Systems, Inc. ("United Financial") is a Florida corporation with a principal place of business registered as 1117 Banks Road, Margate, Florida 33063.

3. Christopher Boulahanis (“Boulahanis”) is a Florida resident residing at 7140 NW 126<sup>th</sup> Terrace, Parkland, Florida 33076, and is the President and Vice President of United Financial.

4. The Department initiated an investigation into allegations that United Financial, including as directed and managed by Boulahanis, engaged in acts or practices in the State of Florida that were misleading, unfair, deceptive or unconscionable in the marketing, advertising, and performance of its business in the debt management business. The investigation by the Department has identified more than 500 consumer complaints relating to the alleged misconduct of Defendants.

5. To prevail on an action under the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”), the plaintiff must show that “the alleged practice was likely to deceive a consumer acting reasonably in the same circumstances.” *Office of Attorney General, Department of Legal Affairs v. Wyndham International, Inc.*, 869 So. 2d 592, 598 (Fla. 1st DCA 2004).

6. To establish individual liability under FDUTPA, the plaintiff must show that the “individual defendant actively participated in or had some measure of control over the corporation’s deceptive practices.” *KC Leisure v. Haber*, 972 So.2d 1069, 1073 (Fla. 5th DCA 2008); *Office of the Attorney General v. Wyndham Int’l, Inc.*, 869 So. 2d 592, 598 (Fla. 1st DCA 2004) (“individual defendant may also be held liable for consumer redress under the [FTC] Act if they participated directly in the deceptive practices or acts or they possessed the authority to control them.”).

7. From at least January 1, 2008 through December 2010, United Financial and Boulahanis marketed, advertised, sold, and provided services to consumers relating to debt management and/or debt consolidation.

8. Boulahanis acted as the day-to-day manager of United Financial from at least January 1, 2008 through to the present. Boulahanis has been the primary participant and actively control and direct United Financial's business and operations. Boulahanis is individually liable for the wrongful conduct of United Financial alleged herein.

9. United Financial and Boulahanis represented to consumers that in exchange for monthly payments, United Financial would provide services to the consumers to reduce and/or restructure the consumer's debts, including distributing (after certain fees) the monthly payments made by the consumer to the consumer's creditors within eight (8) business days after payment.

10. United Financial debited consumers' bank accounts on a monthly basis, but failed to distribute the monies to the consumers' creditors in a timely manner or, in some cases, at all. Florida Statutes Section 817.805 requires that any debt management firm disburse the consumers' monies to their creditors within 30 days after receipt. United Financial violated Section 817.805 by repeatedly failing to disburse the consumers' monies to their creditors within 30 days. Hundreds of consumers paid monies through monthly account debits to United Financial, but United Financial failed to timely pay the consumers' creditors in accordance with Florida law or in accordance with the representations made by United Financial and Boulahanis.

11. In addition, United Financial charged consumers a "set-up fee" of \$75 or more, as well as "monthly processing charges" of up to \$69/month. Florida law prohibits the charging of a set-up fee of more than \$50 and monthly fees of more than 7.5% of the monthly amount paid or

\$35, whichever is greater. § 817.802, Fla. Stat. United Financial violated Section 817.802 by charging excessive monthly fees in violation of that statute.

12. Pursuant to Florida Statutes Section 817.806(1), any violation of Section 817.805 or Section 817.802 constitutes an unfair and deceptive trade practice in violation of FDUTPA. As such, United Financial and Boulahanis violated FDUTPA by the acts and practices of United Financial in violation of Sections 817.805 and 817.802.

13. The practices of the Defendants constitute unfair, deceptive and unconscionable trade practices that are likely to deceive a consumer acting reasonably in the same circumstances. Consumers seeking debt management services from United Financial have been deceived by Defendants' misrepresentations as to the payment of the consumers' creditors by United Financial and by the Defendants' failure to comply with the applicable Florida statutes governing the operations of debt management services.

14. Consumers in the State of Florida were actually injured by the unfair, deceptive and unconscionable practices of Defendants.

Based upon the foregoing factual findings and the consent of the parties, it is hereby

**ORDERED AND ADJUDGED:**

15. Final judgment is hereby entered in favor of the Office of the Attorney General, Department of Legal Affairs, State of Florida (the "Department"), 110 S.E. 6<sup>th</sup> Street, 10<sup>th</sup> Floor, Ft. Lauderdale, Florida 33301 and against Defendants United Financial and Christopher Boulahanis, jointly and severally, for violation of the Florida Deceptive and Unfair Trade Practices Act, Florida Statutes Section 501.201 *et seq.* for acts and practices relating to the sales, marketing, and provision of debt management services in the State of Florida to consumers that were unfair, deceptive and unconscionable.

16. The purpose of FDUTPA is to “protect the consuming public and legitimate business enterprises from those who engage in unfair methods of competition, or unconscionable, deceptive, or unfair acts or practices in the conduct of any trade or commerce.” Section 501.202(2). To that end, “reasonable restrictions upon the future activities of any defendant to impede her or him [sic] from engaging in or establishing the same type of endeavor” are permitted by the Act, and courts may “order any defendant to divest herself or himself of any interest in any enterprise.” Section 501.207(3). Prohibiting business activities is constitutional when the limitation is rationally related to the State’s objective of preventing deceptive practices. *Fraternal Order of Police v. Dept. of State*, 392 So. 2d 1296, 1302 (Fla. 1980) (upholding regulations in the Law Enforcement Funds Act even though they were not “the best possible means to eradicate the evils perceived” because they were not “wholly unrelated” to the legislature’s purpose). As such, a permanent injunction enjoining further provision of debt consolidation and/or debt management services is appropriate.

17. The Court hereby permanently enjoins Defendants United Financial and Christopher Boulahanis, as well as their officers, agents, servants, employees, and attorneys and on those persons in active concert or participation with them who receive actual notice of this Order, directly or indirectly, from the following:

a. Any acts or practices that violate or fail to comply with the Florida Deceptive and Unfair Trade Practices Act, Chapter 501, Part II, Florida Statutes or Florida Statutes Sections 817.801 through 817.806;

b. Marketing, advertising, selling, providing, processing, or contracting for or in connection with any debt management and/or debt consolidation services;

c. Destroying, mutilating, concealing, altering, or disposing of, in any manner, United Financial's books, records, contracts, financial records, consumer files and financial information, regardless of the manner in which it is stored, for a period of two (2) years from the date of this Judgment.

18. FDUTPA also authorizes reimbursement to consumers who have been damaged by deceptive trade practices. Section 501.207(3). It also authorizes recovery of the actual damages caused by the deceptive practices. Section 501.207(1)(b). All consumers who paid money in response to a deceptive trade practice are entitled to their money back, and there is no need for an individualized inquiry into how each consumer reacted to the practice. *F.T.C. v. Wilcox*, 926 F. Supp. 1091, 1105 (S.D. Fla. 1995); *F.T.C. v. People's Credit First*, No. 8:03-CV-2353-T, 2005 WL 3468588 (M.D. Fla. Dec. 18, 2005). All of these consumers set forth on Exhibit A hereto are entitled to reimbursement of the entire amount deceptively taken from them by the Defendants, and monetary damages are therefore awarded in the amount of \$595,881.47.

19. Defendants are therefore jointly and severally liable and are ordered to pay consumer restitution in amount of refunds to all consumers for the amounts set forth on Exhibit A hereto, the total of which is \$595,881.47 <sup>Amount to be reduced by US, 100 per 1211 payment to</sup> ("Restitution Amount"). The Restitution Amount <sup>FL AG.</sup> shall be paid to the Department of Legal Affairs within 30 days of the date of this Order, which upon receipt shall be distributed by the Office of the Attorney General to the consumers suffering the losses as reflected in Exhibit A.

20. While restitution serves the purpose of restoring an injured person to the financial position held before a defendant received an unlawful benefit, with a civil penalty "the law exacts payment of by way of punishment for doing some act which is prohibited...." *Sun Coast Intern. Inc. v. Dept. of Business Regulation*, 596 So. 2d 1118, 1121 (Fla. 1st DCA 1992) (internal

citations omitted). Anyone who has used a trade practice found to be unlawful under the Act is liable for a civil penalty of up to \$10,000 per violation. § 501.2075, Fla. Stat. Each instance in which a deceptive representation is disseminated constitutes a violation. *U. S. v. Reader's Digest Ass'n, Inc.*, 662 F.2d 955, 966 (3d Cir. 1981). In this case, more than 500 transactions of unfair or deceptive conduct occurred in which the Defendants violated FDUTPA. Given the blatant nature of the violation and the egregiousness of the consumer harm, the appropriate penalty is at least \$1,000 per violation, for a total penalty of **\$500,000.00**. The Defendants are jointly and severally liable and ordered to pay civil penalties in the total amount of \$500,000 within 30 days of the date of this Judgment, which amount shall be payable to the Department of Legal Affairs Trust Fund and delivered to counsel for Plaintiff, René D. Harrod, 110 S.E. 6<sup>th</sup> Street, 10<sup>th</sup> Floor, Ft. Lauderdale, Florida within five (5) business days of this Judgment.

21. Section 501.2105 provides that the prevailing party may recover fees and costs from the non-prevailing party. *Humane Society of Broward County v. the Florida Humane Society*, 951 So. 2d 966, 969 (Fla. 4th DCA 2007); *Smith v. Bilgin*, 534 So. 2d 852, 854 (Fla. 1st DCA 1998). Plaintiff's counsel has submitted affidavits concerning time spent on the case and costs incurred, pursuant to Section 501.2105(2). The Court finds that the Office of the Attorney General is entitled to payment of its fees and costs in the amount of \$35,000. The Defendants therefore jointly and severally liable and are ordered to pay attorneys' fees and costs to Plaintiff in the amount of \$35,000 within 90 days of the date of this Judgment. Payment shall be made by cashier's check or other certified funds payable to Department of Legal Affairs Revolving Trust Fund.

22. Defendants shall each complete under oath Florida Rule of Civil Procedure Form 1.977 (Fact Information Sheet), including all required attachments, and serve it on the judgment

creditor's attorney, or the judgment creditor if the judgment creditor is not represented by an attorney, within 45 days from the date of this Judgment, unless the Judgment is satisfied or post-judgment discovery is stayed.

23. Defendants shall not affect any change in the form of doing business, or the organizational identity of any of the existing business entities, or create any new business entities, as a method of avoiding the terms and conditions set forth in this Judgment, which shall be binding on any successors or assigns of Defendants.

24. This Judgment is not a waiver of any private rights of any person or release of any private rights, causes of action, or remedies of any person against Defendants or any other person or entity.

25. Any failure to comply with the terms and conditions of this Judgment is by statute prima facie evidence of a violation of Chapter 501, Part II, Florida Statutes, and will subject Respondents to any and all civil penalties and sanctions authorized by law, including attorney's fees and costs. In the event that a court of competent jurisdiction makes a determination that a violation of any condition of this Judgment has occurred, then Respondents shall be jointly and severally liable for an additional \$500,000.00 (Five Hundred Thousand Dollars) in penalties, attorneys' fees and costs, and other relief, as allowed by law. The Department reserves the right to seek Chapter 501 penalties for any future violation(s) of Chapter 501, Part II, Florida Statutes.

26. Notwithstanding any other provision of this Judgment, nothing herein shall be construed to impair, compromise or affect any right of any government agency other than the Office of the Attorney General for the State of Florida.

27. This document is signed in anticipation of this Judgment being submitted to the Court for approval, without necessity of hearing, which is hereby WAIVED by all parties.

28. This Court retains jurisdiction of this case to enter further orders that are proper to compel compliance with this Judgment by contempt proceedings, civil and/or criminal.

29. The signatures below indicate the parties' consent and agreement to this Judgment:

**SIGNATURES ON NEXT PAGES**

**Agreed to:**

By: \_\_\_\_\_  
Christopher Boulahanis, individually  
23116 Sandalfoot Plaza Dr. Boca Raton, Florida 33428

By: \_\_\_\_\_  
Christopher Boulahanis, as President of United Financial Systems, Inc.  
1117 Banks Road, Margate, Florida 33063

STATE OF FLORIDA                    )  
COUNTY OF BROWARD            )

BEFORE ME, an officer duly authorized to take acknowledgments in the State of Florida, Christopher Boulahanis, personally appeared, individually, and as President of United Financial, Inc. a Florida corporation. He acknowledged before me that he executed the foregoing instrument for the purposes therein stated on the 22 day of February 2012.

Subscribed to before me this 22 day of February, 2012.

\_\_\_\_\_  
NOTARY PUBLIC

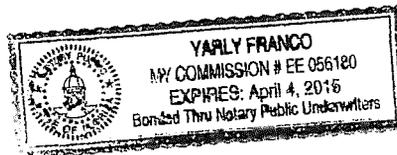
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(print, type, or stamp commissioned Notary Public)

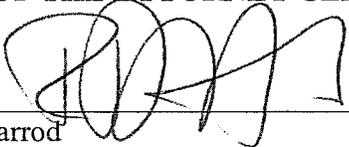
Personally known  or Produced Identification \_\_\_\_\_ (check one)

Type of Identification Produced: \_\_\_\_\_

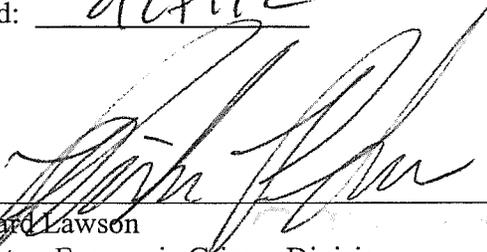
**Witnessed:** \_\_\_\_\_  
Robby Birnbaum, Esq., Florida Bar No. 175889  
Greenspoon Marder  
100 West Cypress Creek Road, Suite 700  
Fort Lauderdale, FL 33309  
*Counsel for Respondents*



**OFFICE OF THE ATTORNEY GENERAL**

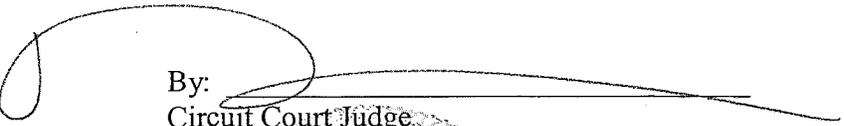
By:   
René D. Harrod  
Assistant Attorney General  
110 S.E. 6th Street, 9th Floor  
Fort Lauderdale, FL 33301  
(954) 712-4600  
(954) 712-4658 Facsimile

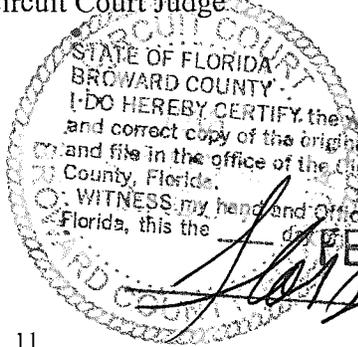
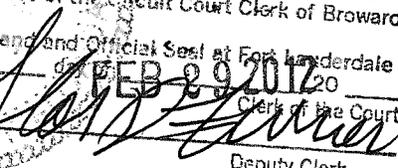
Dated: 2/22/12

By:   
Richard Lawson  
Director, Economic Crimes Division  
Department of Legal Affairs  
Office Of The Attorney General  
The Capitol  
Tallahassee, FL 32399-1050  
(850) 245-0140

Dated: 2/27/12

SO ORDERED. Approved and Entered in Chambers in Broward County, Florida this \_\_\_  
day of 2/29, 2012.

By:   
Circuit Court Judge

  
STATE OF FLORIDA  
BROWARD COUNTY  
I DO HEREBY CERTIFY the within and foregoing is a true  
and correct copy of the original as it appears on record  
and file in the office of the Circuit Court Clerk of Broward  
County, Florida.  
WITNESS my hand and Official Seal at Fort Lauderdale  
Florida, this the 29 day of FEB 2012  
  
Clerk of the Court  
Deputy Clerk