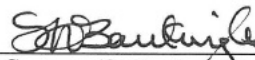




**SO ORDERED.**  
**SIGNED this 23rd day of August, 2018**

**THIS ORDER HAS BEEN ENTERED ON THE DOCKET.**  
**PLEASE SEE DOCKET FOR ENTRY DATE.**

  
Suzanne H. Bauknicht  
UNITED STATES BANKRUPTCY JUDGE

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**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TENNESSEE**

IN RE:	)	
	)	
CLARA IMOGENE WRIGHT	)	Chapter 13
	)	Case No. 3:16-BK-30917-SHB
Debtor.	)	
_____	)	
	)	
ACTING UNITED STATES TRUSTEE	)	
FOR REGION 8,	)	
	)	
Movant,	)	
v.	)	
	)	
LAW SOLUTIONS CHICAGO LLC	)	
d/b/a UPRIGHT LAW LLC,	)	
	)	
Respondent.	)	
_____	)	
	)	
IN RE:	)	
	)	
ANNETTE HARRIS HAYNES	)	Chapter 7
	)	Case No. 3:16-BK-30352-SHB
Debtor.	)	
_____	)	
	)	
ACTING UNITED STATES TRUSTEE	)	
FOR REGION 8,	)	

Movant, )  
 v. )  
 LAW SOLUTIONS CHICAGO LLC )  
 d/b/a UPRIGHT LAW LLC, )  
 Respondent. )

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IN RE: )  
 PAMELA JO HAGSTROM ) Chapter 7  
 Debtor. ) Case No. 3:16-BK-31214-SHB

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ACTING UNITED STATES TRUSTEE )  
 FOR REGION 8, )  
 Movant, )  
 v. )  
 LAW SOLUTIONS CHICAGO LLC )  
 d/b/a UPRIGHT LAW LLC, )  
 Respondent. )

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**AGREED ORDER RESOLVING UNITED STATES TRUSTEE’S MOTIONS FOR  
 SANCTIONS AND OTHER RELIEF AGAINST LAW SOLUTIONS CHICAGO LLC  
 D/B/A UPRIGHT LAW LLC  
 AND RELATED SHOW CAUSE ORDERS**

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This matter is before the Court on the Joint Motion of the Acting United States Trustee for Region 8, Paul A. Randolph (“UST”), by and through counsel, and Law Solutions Chicago LLC d/b/a UpRight Law LLC (“UpRight Law”), by and through counsel, who have agreed, for good cause shown, that the UST’s Motions for Sanctions and Other Relief Against UpRight Law LLC (collectively, the “Motion”) filed in *In re Clara Wright*, 3:16-bk-30917-SHB (Dtk. No. 153) (the “Clara Wright Case”), *In re Annette Haynes*, 3:16-bk-30352-SHB (Dkt. No. 154) (the “Annette Haynes Case”), *In re Pamela Hagstrom*, 3:16-bk-31214-SHB (Dkt. No. 164) (the “Pamela Hagstrom Case”), and *In re Barry and Emily Elrod*, 1:16-bk-12562-SDR (Dtk. No. 145) (the “Elrod Case”) bankruptcy cases (collectively the “Tennessee Proceedings”), and the related Show Cause Orders filed in the Tennessee Proceedings,<sup>1</sup> should all be resolved, based on the stipulations of the parties below and the approval of the Court as ordered herein:

<sup>1</sup> Dkt. No. 58 in the Clara Wright Case; Dkt No. 49, in the Annette Haynes Case; Dkt. No. 55 in the Pamela Hagstrom Case; Dkt. No. 117 in the Elrod Case.

## **I. INTRODUCTION**

In the interests of discontinuing litigation in the Tennessee Proceedings, the UST and UpRight Law agree that the incompetence and omissions of UpRight Law, as well as its agents and attorneys in the each of the Tennessee Proceedings, are resolved pursuant to the terms described herein, which include UpRight Law's agreement to a practice moratorium of four years before the United States Bankruptcy Court for the Eastern District of Tennessee and monetary sanctions.

## **II. JURISDICTION AND VENUE**

This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue in the United States Bankruptcy Court for the Eastern District of Tennessee is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

## **III. STIPULATIONS**

UpRight Law stipulates, agrees, and represents that the following facts are accurate to the best of its information, knowledge and belief:

### **1. UpRight Law Background:**

- a. Law Solutions Chicago LLC is an Illinois limited liability company that does business in Tennessee as UpRight Law LLC. It filed articles of organization with the Illinois Secretary of State on October 10, 2008. The principal office address of UpRight Law is 79 W. Monroe St., Fifth Floor, Chicago, IL 60603.
- b. UpRight Law operates under various other assumed names, including Jason Allen Law, LLC, Allen Chern Law, Allen Chern LLC, and Allen & Associates, LLC among others.
- c. At all times relevant to these proceedings, the members of UpRight Law were Kevin Chern ("Mr. Chern"), Jason Allen ("Mr. Allen"), and David Leibowitz ("Mr. Leibowitz"), all members of the Illinois bar. Mr. Chern is the managing partner of UpRight Law, Mr. Allen was the chief operating officer, and Mr. Leibowitz was the chief legal officer.
- d. When a prospective client searches the Internet for a bankruptcy attorney and comes across UpRight Law, the client generally reaches out one of two ways: they either call UpRight Law or request information through an online request form. This outreach, in turn, prompts a call back from a "client consultant." In 2015, UpRight Law had a bifurcated client intake process involving non-attorney personnel in Chicago called "client consultants" and "senior client consultants." Client consultants were junior employees whose job it was to gather basic information and probe whether the prospect was really interested

in filing for bankruptcy, whether they had the ability to pay for services, and whether they were the decision maker for the family. If those qualifications were met, the prospect was passed on to a senior client consultant.

- e. Senior client consultants were usually former client consultants who had been promoted after a period of time. These individuals were generally not attorneys and were paid a base salary plus commission.
  - f. Beginning in 2014, UpRight Law began recruiting attorneys licensed to practice in the Eastern District of Tennessee. Tennessee attorneys recruited by UpRight Law who agreed to participate were given a partnership agreement to sign.
  - g. Attorney Grace Gardiner (“Ms. Gardiner”) signed a partnership agreement with UpRight Law on May 20, 2014.
  - h. Attorney Layne Gillespie (“Ms. Gillespie”) signed a partnership agreement with UpRight Law on September 23, 2015. Ms. Gillespie terminated her affiliation with UpRight Law on January 5, 2017.
  - i. UpRight Law is a debt relief agency as defined in 11 U.S.C. § 101(12A) and provided bankruptcy assistance, as defined by 11 U.S.C. § 101(4A), to Ms. Wright, Ms. Haynes, Ms. Hagstrom, and Mr. and Mrs. Barry Elrod.
2. An agreed upon case specific statement of facts setting forth and summarizing the facts and procedural history in each of: (1) the Elrod Case, (2) the Clara Wright Case, (3) the Annette Haynes Case, and (4) Pamela Hagstrom Case is attached hereto and incorporated herein by reference as Exhibit 1.
  3. Each of the Debtors in the Tennessee Proceedings retained UpRight Law to represent them in connection with contemplated bankruptcy proceedings. The UST identified concerns relating to inadequate representation and violations of 11 U.S.C. § 526 in each of the Tennessee Proceedings, and after investigation, filed motions for sanctions and other relief against UpRight Law seeking disgorgement, civil penalties, monetary and non-monetary sanctions.
  4. Although UpRight Law disputes some of the claims advanced by the UST in the Tennessee Proceedings, UpRight Law acknowledged the concerns raised by the UST. Thereafter, UpRight Law and the UST (collectively, the “Parties”) entered into discussions to resolve the issues raised in the Tennessee Proceedings.
  5. As a result of their discussions, the Parties have reached an agreement as set forth in this Order, subject to final approval of the Court.

*Supervision of Non-lawyer Personnel*

6. Notwithstanding UpRight Law's policies, practices, and procedures for supervision of its non-lawyer personnel, in each of the Tennessee Proceedings certain non-lawyer Senior Client Consultant ("SCC") personnel of UpRight Law, on one or more of the calls with clients in the Clara Wright Case, Annette Haynes Case, Pamela Hagstrom Case, and Elrod Case, while firm management was responsible for supervising them, engaged in activities and conduct that constituted violations of UpRight Law's policies, practices, and procedures.
7. The UST asserted, *inter alia*, in the Clara Wright Case, Annette Haynes Case, Pamela Hagstrom Case, and the Elrod Case that UpRight Law violated 11 U.S.C. § 526, in part based on the activities and conduct of UpRight Law personnel. UpRight Law acknowledges that its non-lawyer personnel made statements that were improper, untrue, and misleading, but disputes that those statements were violative of 11 U.S.C. § 526, or other provisions of applicable law asserted by the UST.
8. The following factual occurrences took place in the Elrod Case, Clara Wright Case, Annette Haynes Case, and Pamela Hagstrom Case:
  - a. The Elrod Case:
    - i. The Senior Client Consultant (Ron Smith, a non-lawyer):
      1. Did not clearly disclose that he was not an attorney, and did not make clear that pertinent information would need to be shared with the assigned attorney.
      2. Improperly discussed non-bankruptcy alternatives.
      3. Recommended a Chapter 13 filing, and, moreover, did not present Mr. Elrod with a choice between Chapter 7 and 13.
      4. Inappropriately and incorrectly represented that under all circumstances, including a payment by Mr. Elrod of all attorney fees to UpRight Law, that Mr. and Mrs. Elrod could stay in their house.
      5. Inappropriately told Mr. Elrod not to make a mortgage cure payment.
      6. Inappropriately and inaccurately stated that it would be impossible to redeem Mr. and Mrs. Elrod's repossessed Jeep after the passage of ten (10) days.
      7. Improperly overstated the risks of what would happen if no bankruptcy case were filed as opposed to what might happen.

8. Inappropriately stated that “we” would put an automatic stay on Mr. and Mrs. Elrods’ house.

b. The Clara Wright Case:

i. The Senior Client Consultant (Phillip Saineghi, a non-lawyer):

1. Recommended a Chapter 7 filing and, moreover, did not present Ms. Wright with a choice between Chapter 7 and 13.
2. Improperly opined to Ms. Wright that thirty percent (30%) was at most the amount of debt that would have to be repaid in her Chapter 13 case.
3. Improperly and inaccurately told Ms. Wright that she did not have to disclose her social security income in her bankruptcy case.

ii. The Senior Client Consultant (Izaak Acosta, a non-lawyer):

1. Inappropriately and incorrectly stated that all credit counseling does is take another payment from you and bring your credit score down. He further failed to inform Ms. Wright that credit counseling is a prerequisite to filing a bankruptcy petition.
2. Improperly and inaccurately stated that Ms. Wright could “get another house in two years.”

c. The Annette Haynes Case:

i. The Senior Client Consultant (Austen Heuser, an attorney not licensed in the state of Tennessee or admitted in the E.D. of Tennessee):

1. Failed to disclose to Ms. Haynes any non-bankruptcy alternatives.
2. Failed to disclose to Ms. Haynes that he was not licensed in the state of Tennessee or in the District Court or Bankruptcy Court for the E.D. of Tennessee.

d. The Pamela Hagstrom Case:

i. The Senior Client Consultant (Angelo Solis, a non-lawyer):

1. Inappropriately directed Ms. Hagstrom to stop making payments to a debt consolidation company prior to speaking to her assigned attorney.
  2. Recommended a Chapter 7 filing; at one point, he called upon Ms. Hagstrom to “choose,” but he did so only after stating that Chapter 7 was better for her situation. Solis did not plainly identify himself as a non-attorney, and while he referred several times to the “attorney,” Ms. Hagstrom testified in her deposition that she “assumed” Solis was a lawyer.
  3. Inappropriately stated that upon receiving a bankruptcy discharge, Ms. Hagstrom’s credit score would increase anywhere from 75 to 100 points without advising that there are other factors.
- ii. The Enhanced Services Group Representative (Matt Sheehan, a non-lawyer):
1. Improperly and inaccurately stated that there is no interest ever in a Chapter 13.
  2. Improperly and inaccurately stated that if Ms. Hagstrom’s income fell below the median income level, she could convert to Chapter 7 and be done with her bankruptcy and walk away.
9. UpRight Law stipulates, agrees, and represents that its policies, practices, and procedures are intended to ensure compliance with applicable law, and further represents that it has taken additional steps to ensure that its non-lawyer personnel comply with its policies, practices, procedures and applicable law including: (a) prohibiting non-lawyer personnel from providing legal advice; and (b) requiring that non-lawyer SCC personnel explain that they are not attorneys.

*Debt Relief Agency Restrictions and Requirements:*

10. UpRight Law stipulates, agrees, and represents that, notwithstanding UpRight Law’s policies, practices, and procedures to comply with restrictions or requirements of debt relief agencies under 11 U.S.C. §§ 526, 527, and 528 of the United States Bankruptcy Code, in some instances firm lawyers failed to make certain timely and complete disclosures or obtain certain executed written contracts timely in the Clara Wright Case, Annette Haynes Case, Pamela Hagstrom Case, and Elrod Case. As such, UpRight Law stipulates, agrees, and represents that the contracts and/or retainer agreements between UpRight Law and Clara Wright, Pamela Hagstrom, Annette Haynes, and Barry and Emily Elrod are void and unenforceable pursuant to 11 U.S.C. §§ 105(a), 526(c)(1), and 528(a)(1) and (2). UpRight Law asserts that it has taken subsequent steps to ensure compliance with these requirements in the future.

Supervision of Grace Gardiner:

11. UpRight Law stipulates, agrees, and represents that, notwithstanding UpRight Law's policies, practices, and procedures for supervision of its lawyers, it failed to properly supervise or otherwise prevent: (i) Ms. Gardiner from deviating from her obligation to file, or otherwise provide to the Chapter 13 Trustee, pay advices and other required documents, on several occasions in the Clara Wright Case, Annette Haynes Case, and Pamela Hagstrom Case; (ii) Ms. Gardiner, and her local staff, from backdating documents that were submitted to the United States Bankruptcy Court for the Eastern District of Tennessee, signing documents with dates on them that were different from the dates they were actually signed, failing to obtain wet signatures from debtors, and forging the signature of one client on one amended bankruptcy document submitted to the United States Bankruptcy Court for the Eastern District of Tennessee; and (iii) Ms. Gardiner from violating Rules 1.1, 1.2, 1.3, 3.3 and 8.4 of the Tennessee Rules of Professional Conduct. Further, UpRight Law stipulates, agrees, and represents that:
- a. while Ms. Gardiner was acting in her capacity as an UpRight Law partner, Ms. Gardiner engaged in multiple violations of 11 U.S.C. § 526 in connection with her representations of debtors in the Clara Wright Case, Annette Haynes Case, and Pamela Hagstrom Case; and
  - b. Ms. Gardiner's conduct as described herein in the Clara Wright Case, Annette Haynes Case, and Pamela Hagstrom Case and any resulting liability is imputed to UpRight Law.

**BASED on the foregoing Stipulations, and the Parties hereto having agreed, and the Court being properly and sufficiently advised, it is hereby ORDERED:**

**IV. THE PRACTICE MORATORIUM**

12. UpRight Law, including any of its "local Partner attorneys," its affiliates, successors and assigns, and/or any entities operating under the ownership, control, or direction of UpRight Law, shall not represent clients or render services in connection with bankruptcy cases or matters brought in, pending before, or for which proper venue would be the United States Bankruptcy Court for the Eastern District of Tennessee (the "Practice Moratorium"), including the preparation and filing of bankruptcy petitions. The Practice Moratorium shall not apply to the practice or case filing(s) of local Partner attorneys acting separate and apart from their affiliation with UpRight Law.
- a. Practice Moratorium Term: The term of the Practice Moratorium remains in effect for four (4) years following the Effective Date (as defined in Paragraph 26 below).



- b. Limitation on Advertising/Solicitation: UpRight Law, including through any of its “local Partner attorneys,” its affiliates, successors and assigns, and/or any entities operating under the ownership, control, or direction of UpRight Law shall not solicit and/or advertise the firm’s provision of bankruptcy related services or seek to be retained in connection with contemplated or pending bankruptcy filings before the United States Bankruptcy Court for the Eastern District of Tennessee during the Practice Moratorium and shall not accept any fees and/or payments in any form from any individual for whom proper venue for a bankruptcy filing is the Eastern District of Tennessee. In the event that that a Non-Eastern District of Tennessee UpRight Law client has a change in circumstances that results in venue being proper in the Eastern District of Tennessee, UpRight Law shall notify the client that it is unable to serve the client, and that client shall be refunded any unearned portion of the fee.
  
- c. Disclosure on Website: Beginning on the Effective Date, and continuously throughout the Practice Moratorium, UpRight Law shall include a conspicuous statement on the footer of its website homepage disclosing that UpRight Law cannot provide bankruptcy related services to, or file bankruptcy cases on behalf of, clients for whom proper venue for a bankruptcy filing is the United States Bankruptcy Court for the Eastern District of Tennessee.
  
- d. Pending Matters Impacted by Practice Moratorium:
  - i. Chapter 13 Cases: UpRight Law represents that it no longer represents any Chapter 13 clients in the Eastern District of Tennessee.
  
  - ii. Chapter 7 Cases: To the extent that there are any filed Chapter 7 cases still pending (pending Chapter 7 cases include any case where the creditors’ meeting has not been held or further legal representation is needed, requested, or required by the debtor) on or after the Effective Date, UpRight Law shall withdraw from representation of the debtors in the pending cases and shall refund any fees paid in connection with those cases unearned as of the Effective Date. Further, UpRight Law shall file a certification, on or before the Effective Date, under penalty of perjury, confirming that it has withdrawn from representation of the debtors in the pending cases in the Eastern District of Tennessee and refunded any unearned attorney fees to the debtor(s). The certification shall also disclose the date UpRight Law provided the refunds to each debtor and a breakdown of the amount refunded/paid to each debtor. The certification shall be filed in the Clara Wright Case. A certification shall not be required to be filed by UpRight Law if UpRight Law has no pending cases on the Effective Date.

## **V. CIVIL PENALTIES AND MONETARY SANCTIONS**

13. Civil Penalties: UpRight Law agrees to civil penalties to be paid to the United States Treasury, in the amount of \$20,000 (the “Civil Penalties”). The Civil Penalties shall be paid on or before the Effective Date pursuant to payment instructions to be provided by the UST.
14. Attorneys’ Fees and Costs: UpRight Law shall pay attorneys’ fees, expert witness fees, and litigation costs incurred by the UST during litigation of the Clara Wright Case, Annette Haynes Case, Pamela Hagstrom Case, and Elrod Case in the amount of \$30,000, paid to the UST on or before the Effective Date pursuant to payment instructions to be provided by the UST. This amount shall include, and shall resolve, the Bankruptcy Court’s May 10, 2018 Order that awarded costs and fees to the UST in the amount of \$8,543.28, the Clara Wright Case, Dkt. No. 459.
15. Refunds for Clients Not Filed on or After June 1, 2018: UpRight Law has represented that 32 individuals retained UpRight Law to represent them in contemplation of a bankruptcy filing, but these filings have not yet taken place.
  - a. UpRight Law shall not move forward with the filing of any bankruptcy petitions on or after June 1, 2018 for clients whose proper venue is the Eastern District of Tennessee.
    - i. The Parties reached an agreement in principle, and informed the Court on June 21, 2018 that they had reached an agreement. The obligations in Paragraph 15(a) above were included in the Parties’ agreement in principle. Notwithstanding, on July 23, 2018, the UST discovered that UpRight Law, through its local partner Norris Kessler, filed a chapter 7 petition, *In re Daniel Stillings*, 4:18-bk-13107-SDR (Dtk. No. 1) (the “Daniel Stillings Case”) on July 16, 2018 in the United States Bankruptcy Court for the Eastern District of Tennessee. After being notified by counsel for the UST, UpRight Law acknowledged its noncompliance. Further, an affidavit executed by an authorized representative for UpRight Law is attached hereto and incorporated herein by reference as Exhibit 2. The affidavit sets forth the circumstances that allowed for the filing of the Daniel Stillings Case. In addition, to remedy UpRight Law’s noncompliance, on July 31, 2018, with Mr. Stillings’ consent, an agreed order of substitution of counsel between Norris Kessler of Davis, Kessler, and Davis and UpRight Law was filed in the Daniel Stillings Case whereby UpRight Law no longer represents Mr. Stillings. At Mr. Stillings’ request, Norris Kessler of Davis, Kessler, and Davis will continue to represent him in the Daniel Stillings case. Finally, as acknowledged in Exhibit 2, UpRight Law has refunded all amounts paid to UpRight Law by Mr. Stillings.

- b. On or before the Effective Date, UpRight Law shall refund all fees paid by the 32 remaining clients whose proper venue is the Eastern District of Tennessee and whose petitions have not been filed on or before June 1, 2018. Further, UpRight Law shall file a certification, on or before the Effective Date, under penalty of perjury, confirming that it has ceased representation of all existing unfiled clients in the Eastern District of Tennessee, and that the attorney fees and/or funds described above have been refunded. The certification shall also disclose the date UpRight Law provided the refunds to each client, without identifying the client, and a breakdown of the amount refunded/paid to each client. The certification shall be filed in the Clara Wright Case. In the event that UpRight Law is unable to deliver any such refunds to any of these clients after using its current client contact information, and undertaking efforts to locate such clients by the use of skip tracing services provided by Accurant, UpRight Law shall comply with the applicable Tennessee Rules of Professional Conduct as well as the applicable Tennessee statutes regarding unclaimed funds, and the certification shall confirm that it has done so for any applicable client.
16. Disbursement to the Elrods: On or before the Effective Date, UpRight Law shall disburse to the bankruptcy estate of the Elrods the attorney fees it received in the Elrod Case in the amount of \$1,550, and shall file a certification in the Elrod Case, under penalty of perjury, stating the amount and confirming that the attorney fees have been refunded.

## **VI. POST-MORATORIUM EFFECT**

17. At the conclusion of the Practice Moratorium, if UpRight Law resumes practice in the Eastern District of Tennessee as otherwise permitted by applicable law, nothing in this Order shall be construed to waive any rights of the UST to challenge UpRight Law's post-moratorium filings or engagements, and the UST is not estopped from raising any claims whether or not raised in the context of the Clara Wright Case, Annette Haynes Case, Pamela Hagstrom Case, Elrod Case, or included in this Order. Further, the UST's reservation of rights shall also include, but not be limited to, the issues identified by the United States Bankruptcy Court for the Eastern District of Tennessee, Knoxville Division in the January 5, 2017 Order at paragraph II (A) and (B). *See Wright, Dkt. 158.*
18. Before UpRight Law files a case in the Eastern District of Tennessee following expiration of the Practice Moratorium, it shall provide written notice to the attention of Nick Foster, Office of the UST, 31 E. 11<sup>th</sup> Street, 4<sup>th</sup> Floor, Chattanooga, TN 34702 no less than ten (10) days before filing a bankruptcy petition for a debtor. No notice of subsequent anticipated filings shall be required.

## **VII. MISCELLANEOUS PROVISIONS**

19. On or before the Effective Date, the following pending appeals arising from the Clara Wright Case, Annette Haynes Case, and Pamela Hagstrom Case shall be dismissed by agreement of the UST and UpRight Law, with prejudice:
- a. 3:17-cv-00385-TAV-DCP, *Law Solutions Chicago, LLC v. United States Trustee et. al.*;
  - b. 3:17-cv-00386-TAV-DCP, *Law Solutions Chicago, LLC v. United States Trustee et. al.*;
  - c. 3:17-cv-00387-TAV-DCP, *Law Solutions Chicago, LLC v. United States Trustee et. al.*;
  - d. 3:17-cv-00392-TAV-DCP, *Law Solutions Chicago, LLC v. United States Trustee et. al.*;
  - e. 3:17-cv-00393-TAV-DCP, *Law Solutions Chicago, LLC v. United States Trustee et. al.*; and
  - f. 3:17-cv-00394-TAV-DCP, *Law Solutions Chicago, LLC v. United States Trustee et. al.*
20. By operation of this Order, all claims, causes of action, and requests for relief that were brought or could have been brought in the Tennessee Proceedings, as of the date of the filing of the Order, by the UST are hereby fully and finally resolved and released. In addition, all related Show Cause Orders filed in the Tennessee Proceedings are hereby fully and finally resolved by this Order. However, such resolution shall not (i) be an admission by the UST that UpRight Law, as currently structured, constitutes a “partnership” or “professional association” for purposes of 11 U.S.C. § 504, or that it is properly organized, maintained, and/or structured as a “law firm,” or (ii) otherwise bar or preclude any party to this Order from contesting any present or future conduct or business practices in any jurisdiction of UpRight Law, or any of its current or future Partners, Members, independent contractors, attorneys, employees, officers, agents, subsidiaries, insurers, or other representatives.
21. The United States Bankruptcy Court for the Eastern District of Tennessee shall retain exclusive jurisdiction (subject to the right of any party to appeal) over all matters in the Order, including disputes arising under, and the construction, interpretation, modification, and enforcement of the Order.
22. Notwithstanding the resolution of the UST’s Motions for Sanctions and Other Relief against UpRight Law filed in the Clara Wright Case, Annette Haynes Case, Pamela Hagstrom Case, and Elrod Case, the UST (for purposes of this paragraph, UST shall mean and include the UST and any other United States Trustee or Acting United States Trustee) and UpRight Law reserve all rights and relief available to them in any

other case or proceeding in any jurisdiction now pending or filed subsequent hereto, including the Eastern District of Tennessee.

23. Any and all stipulations relating to the existence, adequacy of, or compliance with UpRight Law's policies, practices, and procedures during and after the periods at issue shall be made by and constitute the representations of UpRight Law only. For the avoidance of doubt, the UST does not have direct knowledge of, has not confirmed, and is not bound by any assertions in the stipulations relating to the existence of, adequacy of, or compliance with UpRight Law's policies, practices, and procedures during and after the time periods at issue. This includes UpRight Law's representations in Paragraphs 6, 9, 10, and 11. UpRight Law recognizes that the UST is entering into this Order in reliance on the material accuracy of the factual representations set forth herein and that in the event of fraud or misrepresentation of material facts the UST may seek relief from the Order in accordance with Fed. R. Civ. P. 60(b) and other authorities.
24. UpRight Law consents and agrees to fully and finally release the UST and all current and former employees of the United States Trustee Program from any and all claims that could have been asserted in the Tennessee Proceedings as of the date of the filing of the Order under the Equal Access to Justice Act, 28 U.S.C. § 2412, based on the UST's investigation and prosecution of claims related to the facts and circumstances set forth in this Order.
25. The Order will not bind or prejudice the rights and claims of non-parties. This order binds UpRight Law, and its respective successors and assigns.
26. The Effective Date of this Agreement shall be fifteen (15) days after entry of the Order. The Parties hereby waive any right to seek reconsideration of or to appeal from this Order if the Order is entered as submitted by the Parties.
27. Closure of any or all of the cases included in the Tennessee Proceedings shall not excuse compliance with the terms of this Order and the Parties may seek to reopen any case included within the Tennessee Proceedings to enforce or otherwise seek relief under the Order.
28. In the event of that the UST believes that UpRight Law is not in compliance with any aspect of this Order, it shall provide UpRight Law with notice of the way(s) in which the UST believes that UpRight Law is not in compliance. Except as provided in Paragraph 23, UpRight Law shall have ten (10) days to cure any such violation before the UST seeks enforcement of this Order.
29. If any time period in this Order is stated in days, the Parties shall: (1) exclude the day of the event that triggers the period; and (2) count every subsequent day, including intermediate Saturdays, Sundays and legal holidays and include the last day of the period, but if any time period set forth in this Order expires on a Saturday, Sunday or

legal holiday, such time period shall continue to run until the end of the next day that is not a Saturday, Sunday or legal holiday.

APPROVED FOR ENTRY:

PAUL A. RANDOLPH  
ACTING UNITED STATES TRUSTEE, REGION 8

/s/ Nicholas B. Foster

Nicholas B. Foster

Trial Attorney, TN BPR 027230

U.S. Department of Justice

Office of the U.S. Trustee

31 East 11th Street, 4th Floor

Chattanooga, TN 37402

(423) 752-5566

[Nick.Foster@usdoj.gov](mailto:Nick.Foster@usdoj.gov)

SEEN AND AGREED TO:

BASS, BERRY & SIMS, PLC

/s/ Gene L. Humphreys

Paul Jennings, Jr. (TN BPR#014367)

Gene L. Humphreys (TN BPR#021807)

150 Third Avenue South, Suite 2800

Nashville, TN 37201

Tel: (615) 742-6200

Fax: (615) 742-6293

[pjennings@bassberry.com](mailto:pjennings@bassberry.com)

[ghumphreys@bassberry.com](mailto:ghumphreys@bassberry.com)

AND



Kevin Chern, Managing Partner

Law Solutions Chicago, LLC, d/b/a UpRight Law LLC

79 W. Monroe St., Fifth Floor

Chicago, IL 60603

# **EXHIBIT 1**



## CASE SPECIFIC STATEMENT OF FACTS<sup>1</sup>

### The Elrod case:

1. Mr. Barry Elrod (“Mr. Elrod”) and Mrs. Emily Elrod (“Mrs. Elrod”) were assisted persons as defined by 11 U.S.C. § 101(3).
  
2. On June 6, 2016, while searching for assistance regarding their financial difficulties related to a foreclosure sale of their home scheduled for June 28, 2016, the Elrods searched the Internet for bankruptcy attorneys and reviewed UpRight Law’s website. Mr. Elrod filled out and submitted an online questionnaire on UpRight Law’s website. An agent from Upright Law sent Mr. Elrod a text message requesting Mr. Elrod call a certain telephone number for UpRight Law. Mr. Elrod then called the telephone number and spoke with Rena, an agent of UpRight Law, for fourteen minutes. Rena was not an attorney and did not state she was. During the course of the call Rena asked Mr. Elrod questions concerning why the Elrods were seeking to file bankruptcy, how far behind the Elrods were on their mortgage, whether Mr. Elrod contacted the mortgage lender about the foreclosure, what the Elrods’ long-term goals were, whether filing bankruptcy was the Elrods’ top priority, when Mr. Elrod’s next pay date was, whether Mr. Elrod’s paycheck was received via direct deposit from his employer, and whether Mr. Elrod had access to a pre-paid card or debit card. Mr. Elrod stated that he recently discovered, from his mother, that his home was listed in the newspaper to be foreclosed, he was never, to his knowledge, notified of the foreclosure sale, and he was the only person in the household that currently had income because his wife recently had a child. Mr. Elrod also stated during the call that his wife works a day time job. Further, Mr. Elrod stated that he was three to four months behind on his mortgage and two years behind on his real estate taxes. Mr. Elrod informed Rena that the foreclosure sale date was June 28, 2016. Mr. Elrod stated that he had spoken with an individual at his mortgage lender’s office and reached an agreement to “catch up” on his mortgage by a certain date. Mr. Elrod also asked about lowering his mortgage payment. At the conclusion of the telephone call, Rena transferred Mr. Elrod to Ron Smith (“Mr. Smith”), a senior client consultant with UpRight Law.
  
3. On June 6, 2016, Mr. Elrod spoke with Mr. Smith, a non-attorney, for one hour and seven minutes regarding his financial problems, including the pending foreclosure, repossession of an automobile, the amount of a projected chapter 13 payment, delinquent real property taxes, attorney fees, how a chapter 13 bankruptcy works, the automatic stay, incurring additional debt to pay UpRight Law’s fees, whether the Elrods’ house was on the market, payday loan ACH payments, and other matters. More specifically, the following matters were discussed between Mr. Elrod and Mr. Smith:

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<sup>1</sup> Any and all quotations contained herein are derived from transcripts of the audio recordings between Barry and Emily Elrod, Clara Wright, Annette Haynes, and Pamela Hagstrom and agents of UpRight Law.

- a. Mr. Elrod stated that an auction of his home was scheduled for June 28, 2016 and he was not notified by the mortgage lender about the foreclosure. Further, Mr. Elrod also stated that he was two years behind on his real property taxes.
- b. Mr. Elrod also stated that his mortgage lender told him that a payment of \$1,000 would help him get on track. Mr. Elrod wondered if he should pay the \$1,000 or file for bankruptcy. Mr. Elrod stated that he did not want to lose his house because he has two children and he is the only person bringing in weekly income in his household.
- c. Mr. Smith then stated that the Elrods would have to file a chapter 13 bankruptcy case to restructure their debt paying back a percentage over sixty months to stay in their home.
- d. Mr. Smith also stated that the Elrods' case would be a "rush" case because of the sale date and the attorney's fee would be \$2,260. Mr. Elrod then stated that he made \$400 or so a week and coming up with \$2,260 would be hard to do. Mr. Smith responded that Mr. Elrod needed to find a way to come up with \$2,260 for an attorney to file a chapter 13 case on a "rush" basis before the 28th.
- e. Next, Mr. Smith stated that Mr. Elrod should have looked to file for bankruptcy sooner such as after he was one month behind on his mortgage. When Mr. Elrod inquired whether the pre-petition attorney fee could be added to the chapter 13, Mr. Smith stated that could not happen because an additional \$2,000 was already to be included in the chapter 13 plan for a total fee of around \$4,000. Mr. Smith then put Mr. Elrod on hold so that he could ask an attorney if they could lower the fee. Mr. Smith then responded that he "fought and went to bat" for him and they could file the case if he made a payment of \$2,060. Mr. Smith stated that the firm would look to receive \$1,500 paid by Friday (June 10, 2016). Mr. Elrod said that was no problem. Mr. Elrod then stated that he needed "something now" and other attorneys in the area were wanting two or three weeks before filing a bankruptcy case. Mr. Smith stated that UpRight Law could start the bankruptcy process for an initial \$50 payment, a \$1,450 payment by Friday, June 10, and the remaining \$560 paid before June 22.
- f. Mr. Elrod then stated his desire to stop the foreclosure that day (i.e., on June 6). Mr. Smith responded that "nothing in the world will be able to stop this today, period, because that is just the situation that you are in. Bankruptcy -- you don't pay it like in a second and it stops. It is a process." Mr. Smith then told Mr. Elrod that he would have to pay a total of \$2,060 before June 22 in order for the firm to file the case.
- g. Mr. Elrod asked if UpRight Law is in Chicago and if they had attorneys in his area. Mr. Smith stated that they have attorneys all across the United States

and most of their attorneys have 20-30 years plus of experience and have done bankruptcies all across the United States, and further, maybe someone could help Mr. Elrod come up with the portion of the \$2,060 needed by June 22 that Mr. Elrod may not be able to assemble himself. Mr. Smith stated the firm could start the process for Mr. Elrod upon an initial \$50 payment, and this would get an attorney assigned to the case with whom Mr. Elrod could speak and the firm would start the building of the petition, in order to have matters ready to file the case before June 28, but that the firm would not file the case and stop the sale until \$2,060 was paid.

- h. Mr. Elrod asked about which debts he could include in the bankruptcy. Mr. Smith stated that he could put everything in the bankruptcy and then asked about the Elrods' debts. Mr. Elrod stated that he had a debt on a Jeep that had been repossessed, a mortgage, and other debts, with debt other than on the house and the Jeep at about \$4,000.
- i. Mr. Smith then asked about Mr. Elrod's mortgage, including the arrearage and monthly payments. Mr. Elrod stated the monthly payments were \$345. Mr. Smith then said that Mr. Elrod was only behind on his mortgage by "like" \$1,000.
- j. Mr. Smith stated usually when one does not pay on a mortgage it goes into foreclosure and they put a sale date on the house and asked for the address of the home. Mr. Elrod provided the address, and after apparently reviewing a database, Mr. Smith stated that the Elrods' home was, at the moment, off the market and not being sold. Mr. Elrod stated that the foreclosure was listed in the newspaper for auction on June 28, 2016 at 10:00 a.m. Mr. Elrod stated the payoff was \$69,000. Mr. Smith then stated there was no equity and it sounded like based on what the lender told Mr. Elrod that \$1,000 will catch up the mortgage. Mr. Elrod said on the house "yes" and he did not know if he should pay the mortgage and/or file bankruptcy. Mr. Smith stated that if Mr. Elrod paid the \$1,000, they would not sell the house. Mr. Elrod then stated that real property taxes of \$305 a year for certain years were owed which he found out about in 2014 following a divorce. Mr. Smith asked if Mr. Elrod owed land taxes too and Mr. Elrod said "yes that's what they're taking for." Mr. Smith responded that Mr. Elrod was going to have to file a chapter 13 and "there is no point in paying" the \$1,000 to the mortgage company since Mr. Elrod owed the real property taxes and paying the \$1,000 would not stop the foreclosure sale.
- k. Mr. Smith then asked about current income, debts, and assets, and calculated, subject to obtaining additional information on the real estate taxes, the Elrods' chapter 13 trustee payment including the vehicle would be around \$483 a month, plus the Elrods would continue to pay the mortgage of \$345 a month. Mr. Smith advised that the payments to the trustee could be made weekly, bi-weekly, or monthly, but that it would take approximately \$800 total paid per

month to “save the house.” Mr. Smith also stated that the mortgage arrearage of three months and the repossessed Jeep would be included in the bankruptcy and the chapter 13 trustee payment would be used to pay a percentage to the other creditors as may be set up with the court and this was “what will allow you to stay in the house.”

- l. Mr. Smith again repeated his offer to start the process for an immediate payment of \$50 (June 6), another \$1,450 on Friday (June 10), and \$560 on June 22 to get this “assigned to some local attorneys.” Then, Mr. Smith stated “we get a case filed, get you into Court, get this debt all wrapped up to where you are paying that amount each month and then, umm, that is it. So that thousand dollars, you know, just use that for the bankruptcy because it doesn’t matter if you pay that. They are still going to take the house anyway. Really, all you need to pay on is the bankruptcy.” In reference to the proposed monthly payment, Mr. Smith also stated this was “except for the mortgage.”
- m. Mr. Elrod asked whether or not he would get the Jeep back. Mr. Smith asked how long ago the Jeep was repossessed and Mr. Elrod stated it had been approximately two weeks. Mr. Smith replied “that’s impossible then, because you can only get a repossession back ten days after it has been repossessed in the state of Tennessee. So, if it has been two weeks, about fourteen days, that’s impossible. But that debt on that Jeep will be restructured to where you are only paying back a small percentage because what they will do is they will sell the vehicle and charge you with the difference.” Mr. Elrod asked whether he would owe the full amount due for the Jeep or the amount left over after the sale of the Jeep. Mr. Smith, after checking with someone else at UpRight Law, responded that Mr. Elrod would only be responsible for paying the difference after the sale and Mr. Elrod would only have to pay a percentage of the difference. Mr. Elrod asked about the percentage and Mr. Smith stated that in a chapter 13 you “pay back a percentage of your debt, so only pay back a percentage of the difference.”
- n. Mr. Smith then stated that “the main thing here is to get the house, umm, stop the house from being foreclosed on and once the \$2,060 is paid, we put an automatic stay on the house so that way they can’t foreclose on it or they can’t sell it.” Mr. Smith repeated his offer related to the payments for \$2,060, including, “even if you have to borrow the money from someone.”
- o. Mr. Elrod asked whether the house could not be sold if he paid UpRight Law \$2,060 and Mr. Smith responded “that is correct” because “once the \$2,060 is paid, we are going to put an automatic stay on there, they can’t sell the house. That’s by law. That’s how it works.”
- p. Mr. Smith further stated “if you don’t do this, they’re going to take the house, they’re going to charge you with the difference on that as well, and they’re going to charge you with the difference on the vehicle. It’s going to be a

complete thunderstorm and they're going to do things like garnish your check, it's going to be a lot worse, they're going to do things like garnish your check, take 25% of whatever you're bringing in, and make you pay back something you don't even have anymore. That's what can happen, that's what will happen actually, not can happen. That's what will happen if you don't get this done." Mr. Smith provided additional information concerning the payments to the court trustee for the chapter 13 case and to the mortgage company for the house, in the event a case were to be filed.

- q. Mr. Elrod responded that he wanted to "get this started" and provided Mr. Smith with a Visa debit card number for the \$50 payment. Mr. Smith provided additional information concerning the process and then asked Mr. Elrod for certain types of contact information, date of birth, social security number, prior divorces, child support obligation, dependents, employment status, income, vehicles, mortgage information, bank account information, retirement and life insurance information, transfers of assets, and real property tax delinquency.
  
- r. After a conversation about Mr. Elrod's debt to Advance America for a payday loan whereby the payments to Advance America were scheduled for an automatic debit, Mr. Smith read a set of scripted statements. At the end of each statement, Mr. Smith asked if Mr. Elrod agreed. Mr. Elrod responded to each statement that he agreed. The statements included the following representations:
  - i. Mr. Smith and Mr. Elrod discussed the Elrod's options to file a chapter 7 bankruptcy;
  - ii. Mr. Smith and Mr. Elrod discussed non-bankruptcy alternatives;
  - iii. Mr. Elrod asked about his credit score. Mr. Smith stated that Mr. Elrod could build up his credit in the chapter 13 by making payments to the trustee and other things like fresh start loans were available to build credit. Further, Mr. Smith stated that the payment plan in the bankruptcy would be sixty months and then "that's it" and "that comes off."
  
- 4. On June 8, 2016, Mr. Smith contacted Mr. Elrod. During this call, Mr. Elrod asked Mr. Smith about making payments on an accelerated timetable in order to get the case filed sooner than June 28, 2016. Mr. Smith responded that case could be filed sooner if the payments were made sooner. Mr. Elrod then asked about the reliability of UpRight Law and Mr. Smith stated "we're [inaudible] the biggest bankruptcy law firms in the U.S. So if you're looking to get like rush cases like this done, then we're like pretty much probably one of the best firms you need to be going with because a lot of attorneys are hard to get a hold of and you gotta sit down and meet with them and do all this stuff. By the time all that's done, everything is already gone and it's too late to file a case. With us, we have more than one person handling it, there is multiple people handling your case. So that's why we're able to get it done pretty

fast.”

5. Mr. Elrod expressed his concern about the over-the-phone and over-the-internet part of the process. Mr. Smith responded “It’s 2016. You know, I mentioned this to you before. That is how we are able to get everything done fast, you know, you don’t have time to be meeting and filling out hours and hours of paperwork. Your stuff is going to get taken away, you know what I’m saying? This is a rush case. If you do it online and get things going moving forward and pushed over to an attorney, through the system we use, the petition is already there. You don’t have to go and fill out all this paperwork. You know what I am saying. We can get it done in the press of a button. So this is a benefit for you.” Mr. Elrod then stated that “I get nervous when I order something on the Internet” whereby Mr. Smith responded that “this is – you’re paying for fees – you’re paying for federal fees. Like a filing fee is a court, that’s a federal fee. You know, this is done by the court system. It’s not like you bought like a toy online or something like that. You know what I’m saying? Or some gym shoes online. This is done over the federal court system.”
6. On June 8, 2016, Mr. Elrod then spoke to attorney Josh Laker (“Mr. Laker”) at UpRight Law. Mr. Laker was not licensed to practice law in Tennessee and was not admitted to the United States District Court or Bankruptcy Court for the Eastern District of Tennessee. Further, Mr. Laker did not tell Mr. Elrod that he was not licensed in the state of Tennessee or admitted in the United States District or Bankruptcy Courts for the Eastern District of Tennessee. Mr. Laker spoke with Mr. Elrod about the difference between a chapter 7 and chapter 13 bankruptcy, Mr. Elrod’s mortgage arrearage, saving Mr. Elrod’s home, the effect of the automatic stay, assets, income, transfers, lawsuits, garnishments, and the pending foreclosure. Mr. Laker further stated that UpRight Law is a virtual law firm with attorneys and legal assistants in Chicago to help Mr. Elrod through the process, but a local partner attorney would review the case in greater detail, file the case, and be by Mr. Elrod’s side for court dates. Mr. Laker also advised Mr. Elrod that he should not incur any new debt. Mr. Laker also stated that the total attorney fee would be \$3,310, including \$2,060 in pre-petition fees and \$1,250 in post-petition fees that would be included in the chapter 13 plan. Mr. Laker also stated that “I just want to make sure you know that, now we’re going to be providing you with legal services, we’re going to start to bill against the fees that you’ve paid us to date. So, if you ever decide to terminate the service for any reason, we’d have to be paid for the time that we put into your case. So we would retain the fees we’ve earned, refund a portion of the fees we haven’t earned yet. We don’t do full refunds.” Mr. Laker concluded the telephone call by stating that he will send Mr. Elrod a retainer agreement.
7. On June 9, 2016, Mr. Elrod contacted UpRight Law and stated he wanted to pay the remaining balance of the amount owed to UpRight Law. Mr. Elrod made a payment of \$2,010 to UpRight Law via his VISA debit card.
8. On June 9, 2016, Mr. Elrod contacted Mr. Laker at UpRight Law. Mr. Laker told Mr. Elrod that attorney Nick Kessler (“Mr. Kessler”) should be contacting him soon about

his bankruptcy case. Mr. Elrod reported that Mr. Kessler recently left him a voicemail. Mr. Laker stated the firm started building a petition for Mr. Elrod's case, and was sending instructions concerning a credit counseling course and documents needed for a case filing. Mr. Laker also stated he would reach out to Mr. Kessler concerning protection of the home.

9. Later on June 9, 2016, Mr. Elrod contacted Mr. Smith and stated that Mr. Kessler would not agree to represent the Elrods due to the short timeframe involved in filing a bankruptcy before the foreclosure. Mr. Smith stated that they may be able to get the Elrods a new attorney, they do rush cases all the time, and someone would be contacting Mr. Elrod. Mr. Elrod then told Mr. Smith that Mr. Kessler said Mr. Elrod was not qualified for the bankruptcy. Mr. Smith responded that "anyone can file a chapter 13, pretty much." Mr. Elrod replied that Mr. Kessler advised that he made too much money to file a bankruptcy. Mr. Smith responded "no, that's not true. That is the whole point of filing a chapter 13 is if you make too much money."
10. On or about June 8, 2016, Mr. Elrod received a telephone call from "George" at partner relations at UpRight Law, a non-attorney, stating that the attorney assigned to the file was located in Chattanooga. Mr. Elrod responded that was going to be a big problem for him because he could not travel to Chattanooga. "George" responded that "okay, so that's not – so you're not going to be able to travel to Chattanooga?" Mr. Elrod then stated "no" wherein George stated "okay, so what I'll do is – I see time is of the essence; so if there's – if there's – you know, if there's not a way for us to necessarily help you, we want to figure that out sooner rather than later as well. But let me see what I can do about assigning you to a new attorney, ok?"
11. On June 9 and 10, 2016, Mr. Elrod contacted Mr. Smith about the matter including the status of finding him an attorney. During these communications, Mr. Elrod and Mr. Smith discussed staffing of the matter, the foreclosure sale, and other information. Mr. Smith stated that they lined up a firm attorney "that is actually better than the other attorney that is pretty good, really good actually and, umm, they are located in Chattanooga. We are also able to take off \$200 for you as well. So we will refund you \$200 back." Mr. Elrod then inquired about the timeframe for meeting with the attorney in Chattanooga. Mr. Smith stated that he believed the attorney, whose name he could not recall, was "a girl" and she is ready to go. Further, the new attorney would contact Mr. Elrod soon and "knock this out of the park quick."
12. On June 11 and 13, 2016, after UpRight Law had on June 9, 2016 lined up an associated practitioner, Layne Gillespie ("Ms. Gillespie"), to handle the Elrods' case, Ms. Gillespie communicated with the Elrods via email. On June 14, 2016, Ms. Gillespie and Mr. Elrod participated in a telephone call during which they discussed the Elrods' bankruptcy and foreclosure matters. On June 17, 2016, Mr. Elrod was unable to attend a scheduled face-to-face meeting with Ms. Gillespie, and Ms. Gillespie scheduled Mr. Elrod for a meeting on June 21, 2016. On June 20, 2016, Mr. Elrod and Ms. Gillespie discussed by telephone the attorney-client retention.

13. On June 21, 2016, the Elrods physically met with Ms. Gillespie in her Chattanooga office, executed a retainer agreement, and filed a Chapter 13 bankruptcy case. June 21, 2016 was the first time the Elrods executed a written contract with UpRight Law, although UpRight Law provided a retainer agreement to the Elrods on June 8, 2016.

*Procedural History of the Elrod case:*

14. The Elrods commenced the Bankruptcy Case by the filing of a petition under the provisions of chapter 13 of title 11 of the United States Code on June 21, 2016. See Elrod, Dkt. No. 1.
15. Ms. Gillespie, a member of the bar of this Court, signed the Elrods' bankruptcy petition on page 7 as counsel for the Elrods. Ms. Gillespie's signature block on the petition indicated that she was filing this case in her capacity as an attorney of UpRight Law. See Elrod, Dkt. No. 1.
16. On Page 2 of their petition, the Elrods disclosed they reside at 432 Sullivan Rd., McMinnville, TN 37110 in Warren County. Warren County is in the Winchester Division of the Eastern District of Tennessee, not the Southern Division of the Eastern District of Tennessee. See Elrod, Dkt. No. 1.
17. The Elrods' schedule I states Mr. Elrod is employed as a technician at Yates Service and Mrs. Elrod is not employed. See Elrod, Dkt. No. 1.
18. The Elrods' schedule J states the Elrods have two children and monthly net income of \$627.55. Schedule J does not include the Elrods' mortgage payment. See Elrod, Dkt. No. 1.
19. The Elrods' plan, prepared by Ms. Gillespie, proposed weekly payments of \$143.00 for sixty months; set forth a mortgage arrearage of \$2,000.00 owed to First National Bank; set forth a mortgage maintenance payment of \$343.00; and stated that unsecured claims would be paid at 100%. See Elrod, Dkt. No. 2.
20. On July 27, 2016, the Elrods' mortgage creditor, First National Bank ("FNB"), filed proof of claim 3-2 alleging a mortgage balance of \$70,816.11, which included a principal and interest arrearage of \$1,713.55 and prepetition fees of \$2,222.14. See Elrod, Claim 3-2. The promissory note attached to claim 3-2 shows Mr. Elrod executed a five year balloon note on February 24, 2012, with monthly payments of \$342.71 and a balloon payment of \$62,751.79 due on February 24, 2017.
21. On July 27, 2016, FNB also filed an objection to confirmation of the Elrods' chapter 13 plan. See Elrod, Dkt. No. 21. FNB alleged various objections to the Elrods' plan, including that the plan did not properly treat FNB's secured claim pursuant to 11 U.S.C. §§ 1322(b)(5) and 1325(a)(5). *Id.*
22. The meeting of creditors in the Chapter 13 case was scheduled for August 2, 2016.



At the commencement of the meeting, Ms. Gillespie announced that the Elrods decided to dismiss the case.

23. After consulting with the Elrods regarding various matters including to advise them to work on trying to refinance the mortgage, after learning the Elrods were not successful in those efforts, and after communicating with FNB regarding a request for it to refinance, renew or extend maturity of the note, which FNB declined, Ms. Gillespie filed upon client direction a Notice of Voluntary Conversion to Chapter 7 on August 15, 2016. See Elrod, Dkt. No. 26. The Elrod case was converted to chapter 7, and the Elrods stated their intention to “surrender the property” on Sullivan Rd., on the same day. See Elrod, Dkt. No. 28.
24. The chapter 7 meeting of creditors was scheduled and held on September 14, 2016. The Elrods appeared and testified about the Elrods’ interactions with agents of UpRight Law.
25. The Court granted the Elrods’ discharge on November 29, 2016. See Elrod, Dkt. No. 109.
26. On December 9, 2016, the Court issued an Order to Show Cause pursuant to 11 U.S.C. § 329 and Fed. R. Bankr. P. 2017(a) to UpRight Law, Ms. Gillespie, and Mr. Kessler to “determine whether the contract between the Debtors and Upright Law and its members Norris Kessler and Layne Gillespie should be cancelled and whether Upright should be ordered to return all or a portion of the fee, should the court determine any portion to be excessive.” See Elrod, Dkt. No. 117.
27. On January 12, 2017, attorney Richard Banks (“Mr. Banks”) filed a notice of appearance on behalf of Ms. Gillespie. See Elrod, Dkt. No. 125. Mr. Banks also filed a motion for Ms. Gillespie to withdraw from the case, citing the allegation, disputed by UpRight Law, that UpRight Law was “providing a retainer agreement containing her electronic signature to potential bankruptcy debtor(s) without authorization by her.” See Elrod, Dkt. No. 126.
28. On January 17, 2017, attorney Thomas Bible (“Mr. Bible”) filed a notice of appearance on behalf of the Elrods. See Elrod, Dkt. No. 130. An attorney from Mr. Bible’s office later confirmed by email to counsel for UpRight Law that the Elrods had terminated the services of Ms. Gillespie and UpRight Law.
29. On February 8, 2017, the UST filed a Motion for Sanctions and Other Relief against UpRight Law alleging various grounds of misconduct by UpRight Law. See Elrod, Dkt. No. 145.

*The Clara Wright case:*

30. Ms. Clara Wright (“Ms. Wright”) is an assisted person as defined by 11 U.S.C. § 101(3).

31. On August 29, 2015, while searching for assistance regarding her financial difficulties, Ms. Wright searched the Internet for bankruptcy attorneys and reviewed UpRight Law's website. Ms. Wright called the telephone number on the UpRight Law website and spoke with Phillip Saineghi ("Mr. Saineghi") and Izaak Acosta ("Mr. Acosta"), both agents of UpRight Law. Ms. Wright initially spoke with Mr. Acosta, then with Mr. Saineghi. Mr. Acosta was a Client Consultant and Mr. Saineghi was a Senior Client Consultant. Further, Mr. Saineghi and Mr. Acosta are not attorneys, they did not state they were attorneys.
32. On the August 29, 2015 telephone call, Ms. Wright provided information concerning her financial issues with Mr. Acosta and Mr. Saingehi. Mr. Acosta reviewed Ms. Wright's debts and employment status with her and then stated that "based on everything you are telling me, I mean, it shouldn't be a problem wiping everything out." Then, in response to a question from Ms. Wright about credit counseling, Mr. Acosta stated that "it's not going to clear up your budget enough . . . all they do is take another payment from you . . . and bring your credit score down right away. What we do in bankruptcy is we wipe it all out. So, for example, in your situation, it shouldn't be a problem wiping everything out and just leaving you with your home and your car." After confirming that Ms. Wright was still interested in a bankruptcy case and in response to a question from Ms. Wright about her credit report, Mr. Acosta stated that a bankruptcy would "show on there for seven years that you filed bankruptcy, and that's it. You'll be able – you already have a house. You'll be able to get another house . . . in two years if you wanted to. If you're not worried about the house because you already have one, that's great. You can get another car it you want to." Mr. Acosta discussed more information with Ms. Wright, including the custodial status of her grandson, and then transferred her to Mr. Saineghi.
33. Ms. Wright then asked Mr. Saineghi several questions about whether she would qualify for a Chapter 7 or a Chapter 13 based on the custodial status of her grandson and the equity in her home, to which Mr. Saineghi reviewed the laws in the state of Tennessee stated "so you're close. Like I said, twenty-five thousand of equity is protected . . ." Then, Mr. Saineghi stated that he was going to ask an attorney<sup>2</sup> something about her situation and then confirmed that "based the exemption that the State of Tennessee allows, you are a little bit over it; but then they have to consider a percentage, like, you know, what it would cost to sell your house through a realtor and everything like that; and that's going to keep you safe, most likely." Mr. Saineghi then stated "you know, the attorney's going to have to review it and make sure, but the attorney I talked to said, most likely, you're still going to qualify for Chapter 7 and keep your home protected and which I'm sure that's what you want." Ms. Wright and Mr. Saineghi then discussed the dependent status of Ms. Wright's grandson and Mr. Saineghi responded that "Yeah, I'm going to let the attorney know all of this; and like I said, you know, you'll have that discussion, most likely on Monday, but I did talk to an attorney who said, you know, this looks good for you, um filing a Chapter 7, okay?" Then, in response to a question from Ms. Wright

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<sup>2</sup> Unbeknownst to Ms. Wright, the attorney was not licensed in the state of Tennessee.

- regarding what would happen if she lost custody of her grandson, Mr. Saineghi stated “I’m not an attorney. I can just tell you what the law says, okay?” Then, Mr. Saineghi told Ms. Wright the different exemption available to her if she does not have a dependent living in her home. Mr. Saineghi later stated during the call, “Okay, I’m going to, if you’re okay with this, proceed with the 7 as we were talking about, when the attorney talks with you he’ll be able to give you more concrete actions of exactly what is likely to happen and then, from there, if you decide to end up in a 13 repayment, if he decides that, you know, you may be liable for some of the equity, you said that you would be okay with that and you can proceed with that. If you are eligible for the 7, I would advise you to get out of your own way and just, you know, go ahead and let that debt be discharged.”
34. After recommending a Chapter 7 to Ms. Wright, Mr. Saineghi quoted a fee of \$1885, including a filing fee of \$310.00. Ms. Wright then provided her debit card number to Mr. Saineghi in order to begin making monthly payments toward the \$1,885.00 amount. Ms. Wright made payments to UpRight Law from September 2015 through January 2016. The last payment of \$285.00 was paid on January 21, 2016.
  35. On August 31, 2015, Ms. Wright received a chapter 7 retainer agreement via email from an agent of UpRight Law. Ms. Wright signed the retainer agreement on the same day. Prior to signing the retainer agreement, no one from UpRight Law orally explained the retainer agreement to Ms. Wright. Further, no Tennessee licensed attorney spoke with Ms. Wright prior to Ms. Wright receiving the chapter 7 retainer agreement from UpRight Law. Ms. Gardiner’s name appears on the retainer agreement on behalf of UpRight Law. As of August 31, 2015, Ms. Wright had never met or spoken with Ms. Gardiner.
  36. Beginning in early 2016, Ms. Wright began communicating with Ms. Gardiner’s secretary, Judy Lovely (“Ms. Lovely”), a non-attorney, about her bankruptcy paperwork.
  37. In March 2016, after speaking with Ms. Gardiner’s staff, Ms. Wright decided to file a chapter 13 bankruptcy instead of a chapter 7 bankruptcy. On March 9, 2016, a chapter 13 retainer agreement was allegedly executed by Ms. Wright. Ms. Gardiner’s name appears on the retainer agreement on behalf of UpRight Law. Ms. Wright had never met or spoken with Ms. Gardiner or any attorney licensed to practice in Tennessee as of March 9, 2016.
  38. Ms. Wright’s first and only meeting with Ms. Gardiner occurred on March 21, 2016, almost six months after Ms. Wright’s initial telephone call with agents of Upright Law. Two days later, on March 23, 2016, Ms. Gardiner filed a Chapter 13 bankruptcy case for Ms. Wright.
  39. After Ms. Wright’s bankruptcy case was filed, she made numerous trips to Ms. Gardiner’s office to sign documents. At the request of Ms. Gardiner and/or her staff, Ms. Wright signed documents that were back-dated. Further, one of Ms. Gardiner’s

employees, Greg Clark, forged Ms. Wright's wet signature to a document titled "Declaration About an Individual Debtor's Schedules" dated July 8, 2016. Pursuant to a Show Cause Order, Ms. Gardiner produced the forged document to the United States Bankruptcy Court for the Eastern District of Tennessee, Knoxville Division on July 20, 2016 without notifying the Court that the signature on the document was forged.

*Procedural History of the Clara Wright case:*

40. On March 23, 2016, Ms. Wright commenced a bankruptcy case by filing a voluntary chapter 13 petition. See Wright, Dkt. No. 1. Ms. Gardiner signed Ms. Wright's bankruptcy petition on page 7 as counsel for Ms. Wright. Ms. Gardiner's signature block on the petition indicated that she was filing this case in her capacity as an attorney of UpRight Law.
41. On Page 5 of Ms. Wright's statement of financial affairs, Ms. Wright disclosed she paid UpRight Law \$1,550.00 in attorney fees and \$310.00 in filing fees in January 2016. See Wright, Dkt. No. 1. The Rule 2016 disclosure of compensation, filed by Ms. Gardiner, stated the agreed upon fee was \$3,000.00, with \$1,575.00 paid pre-petition and \$1,425.00 as the balance due. See Wright, Dkt. No. 4.
42. On the petition date, Ms. Gardiner also filed a Chapter 13 Plan. See Wright, Dkt. No. 2.
43. On March 24, 2016, one day after the petition was filed, Ms. Gardiner filed two additional Chapter 13 plans and filed withdrawals of certain documents. See Wright, Dkt. Nos. 10, 11, 12, and 13.
44. On April 8, 2016, Ms. Gardiner filed an amendment to Ms. Wright's Schedule J. See Wright, Dkt. No. 18.
45. On April 27, 2016, the Chapter 13 trustee objected to confirmation of Ms. Wright's plan based upon feasibility. See Wright, Dkt. No. 22.
46. On May 14, 2016, Ms. Gardiner filed an "Agreed Motion to Continue Meeting of Creditors" requesting a continuance of the meeting of creditors until June 8, 2016. See Wright, Dkt. No. 28. The purported Agreed Motion represented to the Court that "parties are in agreement with continuing the § 341 meeting held on May 6, 2016 until June 8, 2016 at 12:00 p.m. and the Debtor's Confirmation Hearing shall be held on June 22, 2016 at 9:00 a.m." See Wright, Dkt. No. 28. The Agreed Motion was electronically signed by Ms. Gardiner of UpRight Law.
47. On May 18, 2016, the Court denied the Agreed Motion. See Wright, Dkt. No. 30. Further, the Court entered an Order for Ms. Gardiner to show cause on June 8, 2016 why she should not be sanctioned for submitting "a purported agreed order bearing the Chapter 13 Trustee's signature when it was not, in fact, approved for entry by the

Chapter 13 Trustee.” See Wright, Doc. No. 32.

48. On June 2, 2016, Ms. Gardiner filed amendments to Ms. Wright’s Schedule I, Chapter 13 Means Test, and Schedule J. See Wright, Dkt. Nos. 36, 37, and 38.
49. On June 8, 2016, the Court held a hearing on the Court’s prior Show Cause Order (Dkt. No. 32). After the hearing, the Court entered an Order requiring Ms. Gardiner to disgorge \$500.00 of the pre-petition attorney fee paid to her in the case to the Chapter 13 Trustee. See Wright, Dkt. No. 43. Further, Ms. Gardiner was required to file a certificate of disgorgement by June 22, 2016.
50. On June 23, 2016, the Court entered a second Order for Ms. Gardiner to show cause on July 13, 2016 why she should not be sanctioned for failing to file a certificate of disgorgement. See Wright, Dkt. No. 45.
51. On June 23, 2016, Ms. Gardiner filed two certificates of disgorgement, and then withdrew one of the certificates. See Wright, Dkt. Nos. 46, 47, and 48.
52. On July 8, 2016, Ms. Gardiner filed amendments to Ms. Wright’s Schedules A/B, C, I, and a Chapter 13 Means Test (for the second time). See Wright, Dkt. Nos. 51 and 52.
53. On July 8, 2016, the Chapter 13 Trustee filed a supplemental objection to Ms. Wright’s confirmation of her plan and alleged multiple areas of concern regarding the conduct of Ms. Gardiner and UpRight Law. See Wright, Dkt. No. 50. The hearing on the objection was scheduled for July 13, 2016.
54. On July 13, 2016, the Court entered a third Order for Ms. Gardiner to provide the Court with all the original documents that were signed by Ms. Wright bearing her “wet” signature that were filed in the case. See Wright, Dkt. No. 53. The documents were due to the Court via hand delivery by July 20, 2016.
55. On July 14, 2016, the Court entered a fourth Order prohibiting Ms. Gardiner from filing any future chapter 13 cases in the Eastern District of Tennessee, Northern Division pending resolution of the issues before the Court. See Wright, Dkt. No. 56. The fourth Order was also entered in four other cases, *In re Pamela Hagstrom*, 3:16-bk-21214-SHB; *In re Tymira Jame’A Terrell*, 3:16-bk-30919-SHB; *In re Willette Dawn Terrell*, 3:16-bk-30918; and *In re Annette Haynes*, 3:16-bl-30352-SHB.
56. On July 15, 2016, the Court entered a fifth Order requiring Kevin Chern, Jason Allen, and/or the current managing partner of UpRight Law to appear on August 17, 2016 and show cause why they and UpRight Law should not be sanctioned for the incompetent representation of their clients. See Wright, Dkt. No. 58. The fifth Order was also entered in four other cases, *In re Pamela Hagstrom*, 3:16-bk-21214-SHB; *In re Tymira Jame’A Terrell*, 3:16-bk-30919-SHB; *In re Willette Dawn Terrell*, 3:16-bk-

30918; and *In re Annette Haynes*, 3:16-bl-30352-SHB. The *Terrell* cases, however, were not UpRight Law cases, and were cases that Grace Gardiner was handling in her solo practice.

57. On July 25, 2016, the Court entered a sixth Order and rescinded the application of Section III.A.3 of the Administrative Procedures for Electronic Case Filing as to Ms. Gardiner. See Wright, Dkt No. 73. Further, the Court prohibited Ms. Gardiner from filing any documents with a debtor's electronic signature. All future documents had to bear a debtor's original signature.
58. On August 12, 2016, the Chapter 13 Trustee filed a Motion for Sanctions against Ms. Gardiner and UpRight Law alleging various grounds of misconduct by Ms. Gardiner and UpRight Law. See Wright, Dkt. No. 78.
59. On August 15, 2016, Ms. Gardiner filed another set of amendments to Ms. Wright's Schedule I and J and the Chapter 13 plan. See Wright, Dkt. Nos. 79, 80, and 81.
60. On August 18, 2016, the Court entered a seventh Order prohibiting UpRight Law and any partner thereof from filing any Chapter 13 cases approving for payment of the presumptive fee in E.D. Tenn. LBR 2016-1(a) and authorized only cases that provided for payment of the Lodestar Fee as provided by E.D. Tenn. LBR 2016-1(b). See Wright, Dkt. No. 86.
61. On August 17, 2016, hearings were held on the matters pending before the Court and UpRight Law and Ms. Gardiner agreed to disgorge all the attorney fees they received in the Clara Wright case, Annette Haynes case, and Pamela Hagstrom case. See Wright, Dkt. No. 95.
62. On August 24, 2016, Ms. Wright retained new counsel and Ms. Gardiner was terminated from her representation of Ms. Wright. See Wright, Dkt. No. 99. On August 30, 2016, Ms. Wright's new counsel, attorney John Newton, filed a second amended Chapter 13 plan and amendments to Schedules I and J. See Wright, Dkt. Nos. 107 and 109.
63. Ms. Wright's Chapter 13 plan was ultimately confirmed on October 18, 2016. See Wright, Dkt. No. 142.
64. On December 14, 2016, the UST filed a Motion for Sanctions and Other Relief against Ms. Gardiner and UpRight Law alleging various grounds of misconduct by Ms. Gardiner and UpRight Law. See Wright, Dkt. No. 153.

*The Annette Haynes case:*

65. Ms. Annette Haynes ("Ms. Haynes") is an assisted person as defined by 11 U.S.C. § 101(3).

66. On December 7, 2015, while searching for assistance regarding filing bankruptcy, Ms. Haynes searched the Internet for bankruptcy attorneys and reviewed UpRight Law's website. Ms. Haynes called the telephone number on the UpRight Law website and initially spoke with George, an agent of UpRight Law. Then, Ms. Haynes was transferred to Austen Heuser ("Mr. Heuser"), a senior client consultant and agent of UpRight Law. While Mr. Heuser was an attorney, he was not licensed in the state of Tennessee or admitted in the United States District or Bankruptcy Courts for the Eastern District of Tennessee. Further, Mr. Heuser did not tell Ms. Heuser that he was not licensed in the state of Tennessee or admitted in the United States District or Bankruptcy Courts for the Eastern District of Tennessee.
67. On the December 7, 2015 telephone call, Ms. Haynes explained that she had been in a debt consolidation program, and that it had not helped her. She provided information concerning her financial problems to Mr. Heuser, including her assets, debts, and income. Mr. Heuser then explained the differences between Chapter 7 and Chapter 13 bankruptcies. Ms. Haynes stated that she would prefer to do a Chapter 7 bankruptcy if she qualified. Mr. Heuser then stated that "it certainly looks like you will be able to" file a Chapter 7, and "that's certainly what I would advise you to do as well." After recommending Ms. Haynes file a chapter 7 bankruptcy case, Mr. Heuser quoted her a fee of \$1,685.00 including \$335.00 for the filing fee. Mr. Heuser then told Ms. Haynes that a bankruptcy case would not be filed by the firm until after she paid the entire \$1,685.00 fee.
68. On December 8, 2015, Ms. Haynes received a chapter 7 retainer agreement via email from an agent of UpRight Law. Ms. Haynes electronically signed the retainer agreement on the same day. Ms. Gardiner's name appears on the retainer agreement as an attorney on behalf of UpRight Law. As of December 8, 2015, Ms. Haynes had never met or spoken with Ms. Gardiner.
69. After the December 7, 2015 telephone call, since Ms. Haynes did not have \$1,685.00 to pay UpRight Law for the quoted fee, Ms. Haynes obtained a loan from her employer, informed Mr. Heuser of the employer loan, and paid UpRight Law the \$1,685.00 fee. When Ms. Haynes filed for bankruptcy, her employer was not disclosed as a creditor.
70. After December 17, 2015, Ms. Haynes contacted Ms. Gardiner's office and spoke with Ms. Lovely, Ms. Gardiner's secretary. Ms. Lovely then sent, via email, Ms. Haynes intake documents for filing a chapter 7 bankruptcy case. Ms. Haynes then met with Ms. Lovely in Ms. Gardiner's office and went over the intake documents. Ms. Gardiner was not present in this meeting.
71. In January 2016, Ms. Haynes received a telephone call from Ms. Lovely whereby Ms. Lovely stated that Ms. Haynes' income of \$3,800.00 a month was too high for a chapter 7 bankruptcy and she therefore, did not qualify for a chapter 7 bankruptcy. The next day, Ms. Gardiner instructed Ms. Lovely to request a change

from chapter 7 to chapter 13 bankruptcy.

72. On January 15, 2016, a chapter 13 retainer agreement was allegedly executed by Ms. Haynes. Ms. Gardiner's name appears on the retainer agreement on behalf of UpRight Law.
73. Ms. Haynes' first in person meeting with Ms. Gardiner occurred in February 2016. Ms. Lovely arranged the meeting and Ms. Haynes was physically present in Ms. Gardiner's office. Ms. Gardiner appeared via Skype and was not physically present in her own office. The Skype call was Ms. Haynes' only meeting with Ms. Gardiner prior to her bankruptcy case being filed.
74. On February 12, 2016, Ms. Gardiner filed a chapter 13 bankruptcy case for Ms. Haynes.
75. After Ms. Haynes bankruptcy case was filed, Ms. Haynes made at least three trips to Ms. Gardiner's office to sign documents. At the request of Ms. Gardiner and/or her staff, Ms. Haynes affixed her wet signature to certain documents that were not dated and/or back dated.

*Procedural History of the Annette Haynes case:*

76. On February 12, 2016, Ms. Haynes commenced the bankruptcy case by filing a voluntary chapter 13 petition. See Haynes, Dkt. No. 1. Ms. Gardiner signed Ms. Haynes' bankruptcy petition on page 7 as counsel for Ms. Haynes. Ms. Gardiner's signature block on the petition indicated that she was filing this case in her capacity as an attorney of UpRight Law.
77. On the petition date, Ms. Gardiner also filed a chapter 13 plan. See Haynes, Dkt. No. 2.
78. On April 7, 2016, the Chapter 13 trustee objected to confirmation of Ms. Haynes' plan based upon feasibility and 11 U.S.C. § 1322(b)(1). See Haynes, Dkt. No. 16.
79. On April 25, 2016, Ms. Gardiner filed an amendment to Ms. Haynes' chapter 13 plan. See Haynes, Dkt. No. 25.
80. On April 29, 2016, Ms. Gardiner filed a withdrawal of Ms. Haynes' amended chapter 13 plan. See Haynes, Dkt. No. 26. Ms. Gardiner then filed three additional amendments, a chapter 13 plan, a cover sheet to the chapter 13 plan, and another chapter 13 plan. See Haynes, Dkt. Nos. 27, 28, and 29.
81. On June 9, 2016, the Chapter 13 trustee filed an amended objection to Ms. Haynes' chapter 13 plan based upon feasibility, not providing for payment of all disposable income, and the reasonableness of attorney fees pursuant to LBR 2016-1. See Haynes, Dkt. No. 31.



82. On June 21, 2016, Ms. Gardiner filed an additional amended chapter 13 plan and an amended schedule J. See Haynes, Dkt. Nos. 36 and 37.
83. On June 22, 2016, the Court entered an Order for Ms. Gardiner to show cause on July 13, 2016 why she should not be sanctioned for her repeated failure to properly file documents in the Annette Haynes case and other cases. See Haynes, Dkt. No. 39.
84. On July 11, 2016, the Chapter 13 Trustee filed a supplemental objection to Ms. Haynes' confirmation of her plan and alleged multiple areas of concern regarding the conduct of Ms. Gardiner and UpRight Law. See Haynes, Dkt. No. 42. The hearing on the objection was scheduled for July 13, 2016.
85. On July 14, 2016, the Court entered an Order prohibiting Ms. Gardiner from filing any future chapter 13 cases in the Eastern District of Tennessee, Northern Division pending resolution of the issues before the Court. See Haynes, Dkt. No. 47. The Order was also entered in four other cases, *In re Pamela Hagstrom*, 3:16-bk-21214-SHB; *In re Tymira Jame'A Terrell*, 3:16-bk-30919-SHB; *In re Willette Dawn Terrell*, 3:16-bk-30918; and *In re Clara Wright*, 3:16-bk-30917-SHB.
86. On July 15, 2016, the Court entered an Order requiring Kevin Chern, Jason Allen, and/or the current managing partner of UpRight Law to appear on August 17, 2016 and show cause why they and UpRight Law should not be sanctioned for the incompetent representation of their clients. See Haynes, Dkt. No. 49. The Order was also entered in four other cases, *In re Pamela Hagstrom*, 3:16-bk-21214-SHB; *In re Tymira Jame'A Terrell*, 3:16-bk-30919-SHB; *In re Willette Dawn Terrell*, 3:16-bk-30918; and *In re Clara Wright*, 3:16-bk-30917-SHB. The *Terrell* cases, however, were not UpRight Law cases, and were cases that Grace Gardiner was handling in her solo practice.
87. On July 15, 2016, the Court entered an additional Order that required Ms. Gardiner to file and serve Ms. Haynes' payment advices by July 26, 2016. See Haynes, Dkt No. 48.
88. On July 22, 2016, Ms. Gardiner filed a motion to convert Ms. Haynes' case to chapter 7. See Haynes, Dkt No. 59.
89. On July 25, 2016, the Court entered an Order and rescinded the application of Section III.A.3 of the Administrative Procedures for Electronic Case Filing as to Ms. Gardiner. See Haynes, Dkt No. 67. Further, the Court prohibited Ms. Gardiner from filing any documents with a debtor's electronic signature. All future documents had to bear a debtor's original signature.
90. On July 28, 2016, the Court entered an Order for Ms. Gardiner to show cause on August 18, 2016 why she should not be sanctioned, including but not limited to

disgorgement of her fees, for failing to comply with the directives in the Order entered on July 15, 2016, that she “[f]ile and serve Debtor’s payment advices for 2016” no later than July 26, 2016.” See Haynes, Dkt No. 73.

91. On August 2, 2016, Ms. Gardiner filed an amendment to Ms. Haynes’ schedule J. See Dkt No. 81.
92. On August 18, 2016, the Court entered an Order for Kevin Chern, Jason Allen, and/or the current managing partner of UpRight Law LLC to appear and further show cause why they and UpRight Law LLC should not be sanctioned pursuant to 11 U.S.C. § 105(a) and Rule 9011 of the Federal Rules of Bankruptcy Procedure for violations of the Federal Rules of Bankruptcy Procedure and violations of the Local Rules and Administrative Procedures for Electronic Case Filing for the U.S. Bankruptcy Court for the Eastern District of Tennessee. See Haynes, Dkt. No. 97.
93. On August 19, 2016, the Court entered an order requiring Ms. Gardiner to disgorge the \$25.00 conversion fee paid by Ms. Haynes. See Haynes, Dkt. No. 101.
94. On August 22, 2016, the Court entered an Order for Ms. Gardiner to show cause why she should not be sanctioned, including but not limited to disgorgement of her fees, for failing to comply with the directives in the Order entered on July 25, 2016 related to Ms. Gardiner’s failure to file a schedule of unpaid debts. See Haynes, Dkt. No. 106. Additionally, on August 22, 2016, hearings were held on the matters pending before the Court in the case of *In re Clara Wright*, 3:16-bk-30917-SHB and UpRight Law and Ms. Gardiner agreed to disgorge all the attorney fees they received in the Annette Haynes case and other cases. See Wright, Dkt. No. 95.
95. On August 29, 2016, Ms. Haynes retained new counsel and Ms. Gardiner was terminated from her representation of Ms. Haynes. See Haynes, Dkt. Nos. 111 and 123.
96. On September 21, 2016, Ms. Haynes’ new counsel, attorney John Newton, filed numerous amendments in her case, including the statement of financial affairs, schedules A/B, C, I, and J as well as the chapter 7 means test. See Haynes, Dkt. Nos. 127, 128, 129, and 130.
97. Ms. Haynes received a discharge in her Chapter 7 case on November 4, 2016. See Haynes, Dkt. No.146.
98. On January 3, 2017, the UST filed a Motion for Sanctions and Other Relief against Ms. Gardiner and UpRight Law alleging various grounds of misconduct by Ms. Gardiner and UpRight Law. See Haynes, Dkt. No. 154.

*The Pamela Hagstrom case:*

99. Ms. Pamela Hagstrom (“Ms. Hagstrom”) is an assisted person as defined by 11 U.S.C. § 101(3).
100. On March 1, 2016, Ms. Hagstrom searched the Internet for bankruptcy attorneys and reviewed UpRight Law’s website. Ms. Hagstrom called the telephone number on the UpRight Law website and spoke with an agent of UpRight Law. Ms. Hagstrom was then transferred to a second agent. The second agent with whom Ms. Hagstrom spoke with was Angelo Solis (“Mr. Solis”). Mr. Solis was not an attorney, he did not represent himself as such, and his title at UpRight Law was a “senior client consultant.”
101. On March 1, 2016, Ms. Hagstrom spoke with Mr. Solis over a series of five telephone calls for approximately forty-five minutes regarding a variety of matters, including, but not limited to, her financial problems, her high interest loans, credit card debt, a lawsuit by a credit card company, , the improvement of her credit score after a bankruptcy discharge, her income, automobiles, secured debt, equity in assets, the difference between a chapter 7 and chapter 13, and UpRight Law’s fees. Ms. Hagstrom also stated that she was paying a debt relief company and it was not helping her. Ms. Hagstrom stated that she believed she had \$70,000 in debt. Mr. Solis presented two options, specifically stated to Ms. Hagstrom that the number one option for her in his opinion was a chapter 7 bankruptcy, and asked her to choose among the options. Mr. Solis also described how a chapter 13 bankruptcy worked and why that option was disfavored, in his opinion. Regarding Ms. Hagstrom’s credit score, Mr. Solis also stated that “once your bankruptcy is discharged, you can expect to see a slight increase, anywhere from seventy-five to a hundred points.” Mr. Solis then later stated, “we can also help you get up to a seven hundred with two years or maybe less.”
102. A fee of \$1,535 was then quoted to Ms. Hagstrom as UpRight Law’s fee. Mr. Solis stated that the bankruptcy case can be filed by the firm when the fees were paid in full. Mr. Solis also advised Ms. Hagstrom to stop making any further payments toward credit cards, loans, and debt consolidation. Mr. Solis and Ms. Hagstrom then discussed arrangements for a payment plan for the \$1,535 fee.
103. Ms. Hagstrom then asked Mr. Solis about what happens if she made too much money to file a chapter 7. Mr. Solis then calculated her monthly gross and net income. Ms. Hagstrom stated that her salary was \$46,700. Mr. Solis responded that it did not look like they would have any trouble getting Ms. Hagstrom in a chapter 7 bankruptcy.
104. Ms. Hagstrom then provided her debit card number to Mr. Solis in order to process a down payment of \$50 towards the \$1,535 attorney fee. The remaining balance was scheduled to be paid by bi-weekly payments of \$200 starting on March 9, 2016.

105. On March 1, 2016, Ms. Hagstrom received a chapter 7 retainer agreement via email from an agent of UpRight Law. Ms. Hagstrom executed the retainer agreement on the same day. Ms. Gardiner's name appears on the retainer agreement as an attorney of UpRight Law.
106. As of March 1, 2016, Ms. Hagstrom had never met or spoken with Ms. Gardiner. Further, no attorney employed by and/or affiliated with UpRight Law had ever spoke with Ms. Hagstrom as of March 1, 2016 related to reviewing the 11 U.S.C. § 527 disclosures as attested to by UpRight Law and Ms. Gardiner in the retainer agreement. While Ms. Hagstrom did speak with Jacob Brown, ("Mr. Brown") a non-Tennessee licensed attorney in UpRight Law's Chicago office, on March 3, 2016, Mr. Brown did not identify himself as an attorney.
107. On March 15, 2016, Ms. Hagstrom spoke with Ms. Gardiner via telephone regarding her bankruptcy case. The March 15, 2016 telephone call was the first time Ms. Hagstrom had spoken with Ms. Gardiner. On the March 15, 2016 telephone call, Ms. Gardiner told Ms. Hagstrom that she did not qualify for a chapter 7 bankruptcy and recommended a change to a chapter 13 bankruptcy. Ms. Gardiner notified UpRight Law on March 16, 2016 regarding her opinion that Ms. Hagstrom did not qualify for a chapter 7 bankruptcy.
108. On March 31, 2016, Ms. Hagstrom contacted Peter Han ("Mr. Han"), a non-attorney, at UpRight Law and requested a refund because Ms. Hagstrom was previously told that she qualified for a chapter 7, then was told she did not qualify for a chapter 7, and then was told she would need to file a chapter 13 and owed additional money to UpRight Law for a \$3,300 chapter 13 attorney fee. Mr. Han scheduled an appointment for someone from UpRight Law's Enhanced Services Team to call Ms. Hagstrom.
109. Later on March 31, 2016, Matt Sheehan ("Mr. Sheehan") contacted Ms. Hagstrom via telephone regarding her request for a refund. Mr. Sheehan identified himself as an Enhanced Services Manager. Mr. Sheehan was not an attorney, he did not identify himself as such, and his educational background is a high school diploma. Ms. Hagstrom stated to Mr. Sheehan that she did not want to file a chapter 13 bankruptcy, previously told agents of UpRight Law her wishes about filing a chapter 7 bankruptcy, and she would rather go back and enter into a debt relief program. Ms. Hagstrom then complained about the additional fee for the chapter 13 case. Mr. Sheehan then stated that the extra attorney fee is spread across sixty months and further stated aspects of how a chapter 13 bankruptcy case works, including that there is never any interest charged in chapter 13. Mr. Sheehan also stated that Ms. Hagstrom would not need to payback all her debts because he could almost 100% confirm with her that she qualified for a percentage payback. Ms. Hagstrom then confirmed that her income had not changed since she first contacted UpRight Law. Mr. Sheehan then stated to Ms. Hagstrom that the income level to qualify for a chapter 7 in Tennessee is \$40,420, and since she was between \$1 and \$10,000 over

- the median income level, Ms. Hagstrom qualified for a 25% payback of her unsecured debt, which based on approximate numbers used for illustration would have been \$13,750 of her debt in a chapter 13 bankruptcy. Ms. Hagstrom then asked about paying the additional attorney fee and Mr. Sheehan stated that he would have to check with Ms. Gardiner about filing the bankruptcy case without any additional payments toward the chapter 13 attorney fee of \$3,310. Mr. Sheehan then stated to Ms. Hagstrom that based on estimates and accuracy of information provided by Ms. Hagstrom concerning her debts her chapter 13 payment would be approximately \$290 to \$300 a month. Ms. Hagstrom then stated that she could afford to pay that amount per month. Mr. Sheehan also stated he would allow Ms. Hagstrom's attorney, Ms. Gardiner, to elaborate on the specifics of a potential chapter 13 plan.
110. Next, Ms. Hagstrom asked Mr. Sheehan about her ability to buy a new car after a chapter 13 discharge. Mr. Sheehan stated that she absolutely could buy a new car, including during the bankruptcy case.
111. Next, Mr. Sheehan stated that if Ms. Hagstrom's income falls below the median income level, Ms. Hagstrom could change to a chapter 7, the bankruptcy would be done, and she could walk away.
112. On March 31, 2016, a chapter 13 retainer agreement was executed by Ms. Hagstrom. Ms. Gardiner's electronic signature appears on the retainer agreement as an attorney of UpRight Law. The total fee for the chapter 13 was \$3,310.00 (\$1,275.00 pre-filing, \$310 court fee, and \$1,725.00 post-filing fee).
113. On April 6, 2016, Ms. Hagstrom attended a meeting with Ms. Lovely and Ms. Gardiner at Ms. Gardiner's office. Ms. Hagstrom signed the signature pages for her bankruptcy paperwork on April 6, 2016.
114. On April 18, 2016, Ms. Gardiner filed a chapter 13 bankruptcy case for Ms. Hagstrom. However, Ms. Hagstrom did not actually affix her wet signature to her bankruptcy petition, schedules, statement of financial affairs, and other documents dated and filed on April 18, 2016. In fact, Ms. Hagstrom did affix her wet signature on various signature pages of a bankruptcy petition, schedules, statement of financial affairs, and other documents on April 6, 2016, twelve days prior to the filing date.
115. After Ms. Hagstrom's bankruptcy case was filed, she went to Ms. Gardiner's office numerous times to sign documents with her "wet signature." During trips to Ms. Gardiner's office, Ms. Hagstrom signed at least one document that was undated at the request of Ms. Gardiner's staff.

*Procedural History of the Pamela Hagstrom case:*

116. On April 18, 2016, Ms. Hagstrom commenced the bankruptcy case by filing a voluntary chapter 13 petition. *See Hagstrom, Dkt. No. 1.* Ms. Gardiner signed Ms. Hagstrom's bankruptcy petition on page 7 as counsel for Ms. Hagstrom. Ms.

Gardiner's signature block on the petition indicated that she was filing this case in her capacity as an attorney of UpRight Law.

117. On Page 5 of Ms. Hagstrom's statement of financial affairs, Ms. Hagstrom disclosed she paid UpRight Law \$1,200.00 in attorney fees and \$310.00 in filing fees in 2016. See Hagstrom, Dkt. No. 1. The Rule 2016 disclosure of compensation, filed by Ms. Gardiner, stated the agreed upon fee was \$3,000.00, with \$1,200.00 paid pre-petition and \$1,800.00 as the balance due. See Hagstrom, Dkt. No. 4.
118. Ms. Gardiner filed an amended Chapter 13 Plan on June 1, 2016. See Hagstrom, Dkt. No. 19.
119. On June 9, 2016, the Chapter 13 trustee filed an objection to confirmation of the amended plan. See Hagstrom, Dkt. No. 23.
120. On June 17, 2016, Ms. Gardiner filed an amendment to Ms. Hagstrom's Schedule I and Schedule J and a second amended Chapter 13 plan. See Hagstrom, Dkt. Nos. 32 and 33.
121. On June 20, 2016, the Chapter 13 trustee filed a supplemental objection to confirmation, See Hagstrom, Dkt. No. 35, followed by another supplemental objection on July 11, 2016, see Hagstrom, Dkt. No. 46, addressing alleged multiple areas of concern regarding the conduct of Ms. Gardiner and UpRight Law.
122. On June 25, 2016, Tennessee Valley Federal Credit Union filed an objection to the second amended chapter 13 plan. See Hagstrom, Dkt. No. 41.
123. On July 13, 2016, a hearing was held and the Court entered an Order for Ms. Gardiner to "provide to the Court all original documents that were actually signed by Debtor and bear her 'wet' signature" by July 20, 2016. See Hagstrom, Dkt. No. 47. The Order directed Ms. Gardiner to not file the documents in the case and to hand deliver the documents to the clerk's office.
124. On July 14, 2016, the Court entered a second Order prohibiting Ms. Gardiner from filing any future chapter 13 cases in the Eastern District of Tennessee, Northern Division pending resolution of the issues before the Court. See Hagstrom, Dkt. No. 49. This Order was also entered in four other cases, *In re Clara Imogene Wright*, 3:16-bk-30917-SHB; *In re Tymira Jame'A Terrell*, 3:16-bk-30919-SHB; *In re Willette Dawn Terrell*, 3:16-bk-30918; and *In re Annette Haynes*, 3:16-bl-30352-SHB.
125. On July 15, 2016, the Court entered a third Order requiring Kevin Chern, Jason Allen, and/or the current managing partner of UpRight Law to appear on August 17, 2016, and show cause why they and UpRight Law should not be sanctioned for the incompetent representation of their clients. See Hagstrom, Dkt. No. 55. The fifth Order was also entered in four other cases, *In re Clara Imogene Wright*, 3:16-bk-

30917-SHB; *In re Tymira Jame'A Terrell*, 3:16-bk-30919-SHB; *In re Willette Dawn Terrell*, 3:16-bk-30918; and *In re Annette Haynes*, 3:16-bl-30352-SHB. The *Terrell* cases, however, were not UpRight Law cases, and were cases that Grace Gardiner was handling in her solo practice.

126. On July 22, 2016, Ms. Gardiner filed a motion to convert case from Chapter 13 to Chapter 7, *see Hagstrom*, Dkt No. 65, which was granted on July 25, 2016, *See Hagstrom*, Dkt No. 70.
127. On July 26, 2016, the Court entered a fourth Order and rescinded the application of Section III.A.3 of the Administrative Procedures for Electronic Case Filing as to Ms. Gardiner. *See Hagstrom*, Dkt No. 72. Further, the Court prohibited Ms. Gardiner from filing any documents with a debtor's electronic signature. All future documents had to bear a debtor's original signature.
128. Following the show cause hearing on August 17, 2016, wherein Upright Law agreed to disgorge all the attorney fees they received, the Court entered a fifth Order on August 19, 2016, directing such disgorgement by August 31, 2016, along with a certification of the same no later than September 2, 2016. *See Hagstrom*, Dkt No. 96. The certificate was filed on August 29, 2016. *See Hagstrom*, Dkt No. 108.
129. On September 15, 2016, an Agreed Order to Substitute Counsel was entered, terminating Ms. Gardiner's representation of Ms. Hagstrom. *See Hagstrom*, Dkt. No. 115.
130. On September 21, 2016, Ms. Hagstrom's new counsel, attorney John Newton, filed numerous amendments in her case, including the statement of financial affairs, schedules A/B, C, I, and J as well as the chapter 7 means test. *See Hagstrom*, Dkt. Nos. 120, 121, 122, and 130. On November 9, 2016, Ms. Hagstrom received a discharge in her Chapter 7 case. *See Hagstrom*, Dkt. No. 139. On April 18, 2017, a joint motion was filed to compromise the motions filed by the UST and the Chapter 13 Trustee with respect to Ms. Gardiner in the Clara Wright case and Annette Haynes case. *See Hagstrom*, Dkt. No. 154. The motion was granted after a hearing on April 27, 2017 and Ms. Gardiner was suspended from practice before the United States Bankruptcy Court for the Eastern District of Tennessee for a period of five (5) years. *See Hagstrom*, Dkt. No. 158.
131. On May 5, 2017, the UST filed a Motion for Sanctions and Other Relief against UpRight Law alleging various grounds of misconduct by Ms. Gardiner and UpRight Law. *See Hagstrom*, Dkt. No. 164.

## **EXHIBIT 2**



**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TENNESSEE**

IN RE: )  
)  
CLARA IMOGENE WRIGHT ) Chapter 13  
) Case No. 3:16-BK-30917-SHB  
Debtor. )  
\_\_\_\_\_ )

ACTING UNITED STATES TRUSTEE )  
FOR REGION 8, )  
)  
Movant, )  
v. )  
)  
LAW SOLUTIONS CHICAGO LLC )  
d/b/a UPRIGHT LAW LLC, )  
)  
Respondent. )  
\_\_\_\_\_ )

IN RE: )  
)  
ANNETTE HARRIS HAYNES ) Chapter 7  
) Case No. 3:16-BK-30352-SHB  
Debtor. )  
\_\_\_\_\_ )

ACTING UNITED STATES TRUSTEE )  
FOR REGION 8, )  
)  
Movant, )  
v. )  
)  
LAW SOLUTIONS CHICAGO LLC )  
d/b/a UPRIGHT LAW LLC, )  
)  
Respondent. )  
\_\_\_\_\_ )

IN RE: )  
)  
PAMELA JO HAGSTROM ) Chapter 7  
) Case No. 3:16-BK-31214-SHB  
Debtor. )  
\_\_\_\_\_ )

ACTING UNITED STATES TRUSTEE )  
 FOR REGION 8, )  
 )  
 Movant, )  
 v. )  
 )  
 LAW SOLUTIONS CHICAGO LLC )  
 d/b/a UPRIGHT LAW LLC, )  
 )  
 Respondent. )

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IN RE: )  
 )  
 BARRY AND EMILY ELROD )  
 )  
 Debtors. )

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Chapter 7  
 Case No. 1:16-BK-12562-SDR

ACTING UNITED STATES TRUSTEE )  
 FOR REGION 8, )  
 )  
 Movant, )  
 v. )  
 )  
 LAW SOLUTIONS CHICAGO LLC )  
 d/b/a UPRIGHT LAW LLC, )  
 )  
 Respondent. )

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**AFFIDAVIT OF CRAIG SONNENSCHN**

STATE OF ILLINOIS )

COUNTY OF COOK )

Comes now Craig Sonnenschein after being duly sworn to depose and say:

1. I am over 18 years old and of sound mind.

2. I am the General Counsel for Law Solutions Chicago LLC d/b/a UpRight Law LLC ("UpRight Law").

3. I submit this Affidavit in connection with the Agreed Order Resolving United States Trustee's Motion Sanctions and Other Relief Against UpRight Law LLC And Related Show Cause Order ("Agreed Order.")

4. On July 16, 2018, Nick Kessler filed a Chapter 7 petition in his capacity as a partner of UpRight Law in the Winchester Division of the United States Bankruptcy Court for the Eastern District of Tennessee, Case No. 18-13107. This was filed as the result of a miscommunication in the home office of UpRight Law in Chicago. I have explained the circumstances more fully below.

5. UpRight Law has been involved in settlement discussions with the United States Trustee relating to a potential resolution of the matters reflected in the caption above since early 2018. During the course of negotiations in May, and although no settlement agreement had been reached, in order to resolve one of (what I believed to be) the few remaining issues in the negotiation, UpRight Law agreed that it would not file any additional cases in the Eastern District of Tennessee after May 2018 if a settlement could be achieved.

6. I notified several employees within UpRight Law of this deadline, and explained that although no settlement had yet been reached, that we would not be able to file any cases after May 2018 in anticipation of settling these matters. As part of our efforts to prepare for this, I instructed staff to communicate with our two partners in the Eastern District of Tennessee about this deadline - Mr. Kessler and Christina Stapleton.

7. In May 2018, in anticipation of settling, we began to wind down our practice in the Eastern

District of Tennessee. Pursuant to those efforts, UpRight Law's staff identified its remaining clients where the proper venue for filing was the Eastern District of Tennessee. Ms. Stapleton had the large majority of remaining clients, and Mr. Kessler only had a few. We prepared a communication for firm clients in the Eastern District of Tennessee. This communication explained that the firm was in the process of winding down its practice in the Eastern District of Tennessee, and that the firm was making every effort to get the client's case filed by the end of May, and requested the clients' cooperation in doing this, to the extent possible. The communication explained that if we were unable to get the client's case filed by the end of May, that it was possible that we would not be able to complete the representation. The communication further explained that if we were unable to file the client's case, they would receive a full refund.

8. The firm issued this communication to all of Ms. Stapleton's clients, which, to reiterate, represented the overwhelming majority of the firm's clients in the Eastern District of Tennessee. I had been under the impression that our staff in Chicago had reached out to Mr. Kessler to explain this, and to ensure that the same communication went to his clients. However, due to a communication breakdown, that did not occur.

9. In reflecting on what went wrong, I tried to remember whether I had specifically instructed our staff to send a similar communication to Mr. Kessler's clients. I do not recall whether I made such a request or not. However, I had been under the impression that our staff was going to follow suit with Mr. Kessler's clients, as it had done with Ms. Stapleton. I was also aware that Mr. Kessler had very few cases assigned to him, and it had been my understanding back in May that none of them were close to being ready to file.


10. In any event, this error was certainly not intentional. We have no interest in interfering with the resolution that we hope to achieve with the UST because of a single case. I do not believe

that this error has been prejudicial to any party. UpRight Law is in the process of issuing a full refund to this client, and is assisting with a substitution of counsel.

Signed in my presence  
on July 30, 2018 by  
Craig Sonnenschein



Michael Bane

  
\_\_\_\_\_

Craig Sonnenschein