

Colorado Supreme Court 2 East 14th Avenue Denver, CO 80203	DATE FILED: August 29, 2014 CASE NUMBER: 2014SA58
Original Proceeding in Unauthorized Practice of Law, Office of Attorney Regulation Counsel, 2013UP044	
<b>Petitioner:</b>  The People of the State of Colorado,  <b>v.</b>  <b>Respondent:</b>  Gold Shield Alliance LLC.	Supreme Court Case No: 2014SA58
ORDER OF COURT	

Upon consideration of the Order Entering Judgment Pursuant to C.R.C.P. 55(b) and Report of Hearing Master Pursuant to C.R.C.P. 236(a) filed in the above cause, and now being sufficiently advised in the premises,

IT IS ORDERED that Respondent, GOLD SHIELD ALLIANCE, LLC shall be, and the same hereby is, ENJOINED from engaging in the Unauthorized Practice of Law in the State of Colorado.

IT IS FURTHER ORDERED that said Respondent, GOLD SHIELD ALLIANCE, LLC is assessed costs in the amount of \$91.00. Said costs to be paid to the Office of Attorney Regulation Counsel, within (30) days of the date of this order.

IT IS FURTHER ORDERED that a fine be imposed in the amount of  
\$500.00.

BY THE COURT, AUGUST 29, 2014.

<p>SUPREME COURT, STATE OF COLORADO</p> <p>ORIGINAL PROCEEDING IN THE UNAUTHORIZED PRACTICE OF LAW BEFORE THE OFFICE OF THE PRESIDING DISCIPLINARY JUDGE 1300 BROADWAY, SUITE 250 DENVER, CO 80203</p>	<p><b>RECEIVED</b></p> <p><b>JUL 24 2014</b></p> <p><b>REGULATION COUNSEL</b></p>
<p><b>Petitioner:</b> THE PEOPLE OF THE STATE OF COLORADO</p> <p><b>Respondent:</b> GOLD SHIELD ALLIANCE LLC</p>	<p>Case Number: 14SA058</p>
<p><b>ORDER ENTERING DEFAULT JUDGMENT PURSUANT TO C.R.C.P. 55(b) AND REPORT OF HEARING MASTER PURSUANT TO C.R.C.P. 236(a)</b></p>	

This matter is before the Presiding Disciplinary Judge (“the PDJ”) on “Petitioner’s Motion for Default Judgment,” filed on June 12, 2014, by Kim E. Ikeler of the Office of Attorney Regulation Counsel (“the People”). Gold Shield Alliance, LLC (“Respondent”) did not file a response.

#### **I. PROCEDURAL HISTORY**

On February 24, 2014, the People filed a “Petition for Injunction,” alleging that Respondent engaged in the unauthorized practice of law. On March 7, 2014, the Colorado Supreme Court issued an “Order to Show Cause,” directing Respondent to answer in writing and show cause within twenty-one days of service why it should not be enjoined from the unauthorized practice of law. The People filed a proof of service on March 24, 2014. Respondent did not respond to the petition or the show cause order.<sup>1</sup>

On April 9, 2014, the Colorado Supreme Court issued an “Order of Court,” referring this matter to the PDJ “to prepare a report setting forth findings of fact, conclusions of law, and recommendations” pursuant to C.R.C.P. 234(f) and 236(a). On April 11, 2014, the PDJ directed the People to coordinate the scheduling of an at-issue conference and ordered Respondent to fully cooperate with the People.<sup>2</sup> Respondent did not cooperate, however, and on April 28,

<sup>1</sup> Respondent sent a letter to the People on March 24, 2014, purporting to respond to the People’s petition, but failed to file the letter with the Colorado Supreme Court. The People later submitted a copy to the Colorado Supreme Court. This letter was not written by an attorney for Respondent, nor did it comply with C.R.C.P. 8(b).

<sup>2</sup> Respondent was also advised that business entities may appear in Colorado courts only through a licensed attorney. See *United Sec. Corp. v. Pantex Pressing Mach.*, 98 Colo. 79, 85, 53 P.2d 653, 656 (1935) (“a corporation can appear in a court of record only by an attorney at law”); *Bennie v. Triangle Ranch Co.*, 73 Colo. 586, 588, 216

2014, the PDJ ordered the parties to attend an at-issue conference on May 14, 2014.<sup>3</sup> On that date, the PDJ held the conference; Mr. Ikeler appeared for the People, but Respondent did not attend. That same day, the PDJ entered an order directing Respondent to answer the People's petition no later than June 4, 2014, and warning Respondent that if it failed to do so, the PDJ would enter default pursuant to C.R.C.P. 55(a). Respondent did not comply with that order.

The PDJ entered default on June 12, 2014, deeming all the allegations in the petition admitted. That same day, the People filed a motion for default judgment. On June 18, 2014, Respondent sent the PDJ a letter purporting to address the PDJ's entry of default. Despite being advised twice that Respondent was required to appear and file pleadings through a licensed attorney, this letter was not written by an attorney for Respondent. As such, this letter is not a properly filed pleading that would preclude entry of default judgment.<sup>4</sup>

## **II. PETITIONER'S MOTION FOR DEFAULT JUDGMENT**

The People have followed the procedure for default judgments set forth in C.R.C.P. 55 and 1215 section 1-14 by showing valid service on Respondent; submitting an affidavit indicating that venue is proper and that Respondent is not a minor, an incapacitated person, an officer of the state, or in the military;<sup>5</sup> and filing a statement of the costs.<sup>6</sup> Accordingly, the PDJ **GRANTS** "Petitioner's Motion for Default Judgment."

## **III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

Next, the PDJ determines that the allegations of the People's petition, which are summarized below, establish Respondent engaged in the unauthorized practice of law. The PDJ issues the following report to the Colorado Supreme Court pursuant to C.R.C.P. 236(a).

### **Factual Findings**

Respondent is not licensed to practice law in the State of Colorado or any other state.<sup>7</sup> Respondent does not employ licensed attorneys.<sup>8</sup> Respondent maintains a website, [www.gold-shield-alliance.com](http://www.gold-shield-alliance.com), which offers to help debtors faced with foreclosing lenders, bill collectors, collection attorneys, and the Internal Revenue Service ("IRS").<sup>9</sup> The home page of Respondent's website states:

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P. 718, 719 (1923) ("a corporation can only appear by attorney"); *Gilley v. Shoffner*, 345 F. Supp. 2d 563, 566 (M.D.N.C. 2004) (collecting cases and holding that the rule requiring corporations to appear only through licensed counsel applies to all forms of business entities, including limited liability companies).

<sup>3</sup> Respondent was once again notified that it would need to obtain counsel in these proceedings.

<sup>4</sup> See *Woodford Mfg. Co. v. A.O.Q., Inc.*, 772 P.2d 652, 655 (Colo. App. 1988) ("Any actions taken or pleadings filed by the corporation before it acquires counsel may be stricken or held a nullity.").

<sup>5</sup> Petitioner's Mot. for Default J. Ex. B.

<sup>6</sup> Petitioner's Mot. for Default J. Ex. A.

<sup>7</sup> Pet. ¶ 1.

<sup>8</sup> Pet. ¶ 2.

<sup>9</sup> Pet. ¶¶ 6-7.

Gold Shield Alliance has discovered a rapid method to immediately stop financial actions against you; guide your lender to settle your outstanding balance without harm to the lender; cease all collections against you; remove liens, levies, lawsuits, garnishments; improve your credit score; all this in most cases within 30 days. Results will vary. All processes are done on a 'best efforts' basis.<sup>10</sup>

Debtors are first required to join "Freedom Club USA," the "exclusive vendor" for Respondent.<sup>11</sup> The membership fees are \$300.00.<sup>12</sup> The members must pay an additional \$495.00 for each action taken by Respondent.<sup>13</sup> Respondent's website states that it assists debtors through a power of attorney.<sup>14</sup> Debtors appoint Respondent as their attorney-in-fact. Respondent then contacts any creditors and directs them to another source of payment for the debtor's debts.<sup>15</sup> Debtors are instructed not to communicate with the creditors but to refer all communication to Respondent.<sup>16</sup>

The website also states, "We do not use the typical legal system but instead move you out of [the creditors'] control and into a more powerful position and place them into a servant position. They as public servants are bound by their own system to comply."<sup>17</sup> Finally, the website explains how the creditors get paid:

In short, you're getting out of debt with the GSA process, the loans and federal taxes you paid your whole life were not legal. The banks never loaned you their money but took it from your birth account and loaned it to you as if it was theirs. The payments you made to them over the years are considered 'conversion' and subject to compensation. The AR process provides you this compensation on each loan. The IRS and CRA (Canada) also acted illegally collecting taxes from virtually everyone also providing you another possibility for an AR remedy for compensation.<sup>18</sup>

Several forms are offered on the website for different circumstances,<sup>19</sup> including, mortgage, credit card debt, and IRS debt forms.<sup>20</sup> Debtors are instructed to complete a form and sign a limited power of attorney.<sup>21</sup> Respondent pledges to then send written materials

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<sup>10</sup> Pet. ¶ 8.

<sup>11</sup> Pet. ¶ 9.

<sup>12</sup> Pet. ¶ 10.

<sup>13</sup> Pet. ¶ 11.

<sup>14</sup> Pet. ¶ 12.

<sup>15</sup> Pet. ¶ 13.

<sup>16</sup> Pet. ¶ 14.

<sup>17</sup> Pet. ¶ 15.

<sup>18</sup> Pet. ¶ 16.

<sup>19</sup> Pet. ¶ 17.

<sup>20</sup> Pet. ¶ 17.

<sup>21</sup> Pet. ¶ 18.

to creditors and direct the creditors to communicate with Respondent rather than the debtor.<sup>22</sup>

On October 29, 2012, Stock Loan Services, LLC sued Shoreline Advisors, LLC and John and Diane Sprouse to quiet title to certain property in Grand County, Colorado.<sup>23</sup> On February 21, 2013, the Grand County district court received a pleading titled “UCC Demand and Order for Cease and Desist” (“UCC Demand”), which was signed by Mr. Sprouse before a notary in California.<sup>24</sup> The UCC Demand directed the judge to contact the trustees of “The One Peoples Public Trust 1776” (“Public Trust”).<sup>25</sup> It also rejected the summons and complaint filed in the litigation and demanded that the judge rebut the proposition that the State of Colorado had been foreclosed upon by the Public Trust.<sup>26</sup> The document stated that if the judge failed to respond, she needed to cease all communications with Mr. Sprouse.<sup>27</sup>

Along with the UCC Demand, the court also received an “Amended UCC Financing Statement” filed by the Public Trust as a creditor against the “Bank for International Settlements and the (former) United States Federal Government.”<sup>28</sup> A press release from the Public Trust, dated January 15, 2013, was also attached.<sup>29</sup> Respondent prepared the UCC Demand and also generated the amended financing statement and press release.<sup>30</sup>

On March 23, 2013, the court entered default against Shoreline Advisors, LLC and Ms. Sprouse.<sup>31</sup> The court then struck the UCC Demand and related documents on April 9, 2013,<sup>32</sup> and entered default against Mr. Sprouse on April 16, 2013.<sup>33</sup>

In late August or early September 2013, Respondent, as attorney-in-fact to the Sprouses and Shoreline Advisors, prepared and sent several documents to the Grand County Combined Courts.<sup>34</sup> The first document was titled “Notice to Receive Payment in Full.”<sup>35</sup> In this document, Respondent explained that the Department of Treasury (“the Treasury”) would soon pay all of the Sprouses’ debts.<sup>36</sup> Respondent also stated that the payment would come from a trust account bearing the Sprouses’ names and managed by the

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<sup>22</sup> Pet. ¶ 19.

<sup>23</sup> Pet. ¶ 20. The case was styled *Stock Loan Services LLC v. Shoreline Advisors, LLC, et al.*, Grand County District Court, case number 12CV30027. Pet. ¶ 21.

<sup>24</sup> Pet. ¶ 22.

<sup>25</sup> Pet. ¶ 23.

<sup>26</sup> Pet. ¶ 24.

<sup>27</sup> Pet. ¶ 25.

<sup>28</sup> Pet. ¶ 26.

<sup>29</sup> Pet. ¶ 27.

<sup>30</sup> Pet. ¶ 28.

<sup>31</sup> Pet. ¶ 29.

<sup>32</sup> Pet. ¶ 30.

<sup>33</sup> Pet. ¶ 31.

<sup>34</sup> Pet. ¶ 32.

<sup>35</sup> Pet. ¶ 33.

<sup>36</sup> Pet. ¶ 33.

Treasury.<sup>37</sup> Respondent also opined that a “change to Common Law Jurisdiction” precluded any pending foreclosure or collection proceedings.<sup>38</sup> Respondent indicated that it was representing the Sprouses during this process.<sup>39</sup>

The second document filed by Respondent was called “Payoff Instructions.”<sup>40</sup> In this document, Respondent directed the Treasury to pay off the Sprouses’ mortgage loan and instructed the lender to provide the appropriate documents to the Treasury to facilitate the lender’s receipt of payment.<sup>41</sup> This document indicated that Respondent was acting as the Sprouses’ and Shoreline Advisors’ attorney-in-fact.<sup>42</sup> Respondent stated that a payment would come from his clients’ trust accounts.<sup>43</sup>

In a third document prepared by Respondent on August 23, 2013, and entitled “Legal Notice to All Public Servants” (“Legal Notice”), Respondent informed the court that pursuant to a “Papal Decree” all public servant immunities had been dismissed.<sup>44</sup> Respondent was identified as Mr. Sprouse’s attorney-in-fact.<sup>45</sup> The Grand County clerk did not file any of the three documents prepared by Respondent.<sup>46</sup>

On October 21, 2013, the court received another pleading.<sup>47</sup> This pleading was titled “Personal Jurisdiction Challenge” and was sent in an envelope bearing Respondent’s return address.<sup>48</sup> Respondent prepared this pleading.<sup>49</sup> In this document, Respondent contended that jurisdiction had been changed from “Statutory Jurisdiction to Common Law Original Foundation Law of Trusts.”<sup>50</sup> Respondent also asserted that the court lacked jurisdiction over the quiet title action.<sup>51</sup> This pleading, too, was not accepted by the court.<sup>52</sup>

In January 2014, counsel for one of the Sprouses’ creditors received another mailing from Respondent.<sup>53</sup> This document, called “Zero Balance Directive,” demanded that the creditor cease all collections and to await payoff from the Treasury.<sup>54</sup>

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<sup>37</sup> Pet. ¶ 34.

<sup>38</sup> Pet. ¶ 36.

<sup>39</sup> Pet. ¶ 35.

<sup>40</sup> Pet. ¶ 37.

<sup>41</sup> Pet. ¶ 37.

<sup>42</sup> Pet. ¶ 38.

<sup>43</sup> Pet. ¶ 39.

<sup>44</sup> Pet. ¶¶ 40-41.

<sup>45</sup> Pet. ¶ 42.

<sup>46</sup> Pet. ¶ 43.

<sup>47</sup> Pet. ¶ 44.

<sup>48</sup> Pet. ¶ 45.

<sup>49</sup> Pet. ¶ 46.

<sup>50</sup> Pet. ¶ 47.

<sup>51</sup> Pet. ¶ 48.

<sup>52</sup> Pet. ¶ 50.

<sup>53</sup> Pet. ¶ 51.

<sup>54</sup> Pet. ¶¶ 52-53.

## Legal Standards Governing the Unauthorized Practice of Law

The Colorado Supreme Court, which exercises exclusive jurisdiction to define the practice of law within the State of Colorado,<sup>55</sup> restricts the practice of law to protect members of the public from receiving incompetent legal advice from unqualified individuals.<sup>56</sup> To practice law in the State of Colorado, a person must have a law license issued by the Colorado Supreme Court, unless a specific exception applies.<sup>57</sup> Colorado Supreme Court case law holds that “an unlicensed person engages in the unauthorized practice of law by offering legal advice about a specific case, drafting or selecting legal pleadings for another’s use in a judicial proceeding without the supervision of an attorney, or holding oneself out as the representative of another in a legal action.”<sup>58</sup>

Here, Respondent engaged in the unauthorized practice of law by offering to perform legal services in exchange for a fee through its website.<sup>59</sup> Respondent makes representations on its website that it can assist debtors by preparing documents in order to end foreclosure and collection actions.<sup>60</sup> In addition, Respondent drafted and filed legal pleadings on behalf of the Sprouses and Shoreline Advisors in February, August, and October 2013 and in January 2014.<sup>61</sup> In those pleadings and legal documents, Respondent made legal arguments regarding jurisdiction and governmental immunity and made legal

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<sup>55</sup> C.R.C.P. 228.

<sup>56</sup> *Unauthorized Practice of Law Comm. v. Grimes*, 654 P.2d 822, 826 (Colo. 1982); see also *Charter One Mortg. Corp. v. Condra*, 865 N.E.2d 602, 605 (Ind. 2007) (“Confining the practice of law to licensed attorneys is designed to protect the public from the potentially severe consequences of following advice on legal matters from unqualified persons.”); *In re Baker*, 85 A.2d 505, 514 (N.J. 1952) (“The amateur at law is as dangerous to the community as an amateur surgeon would be.”).

<sup>57</sup> See C.R.C.P. 201-227.

<sup>58</sup> *People v. Shell*, 148 P.3d 162, 171 (Colo. 2006); see also C.R.C.P. 201.3(2)(a)-(f) (defining the practice of law).

<sup>59</sup> See C.R.S. § 12-5-112 (2014) (“Any person who, without having a license from the supreme court of this state so to do, advertises, represents, or holds himself out in any manner as an attorney, attorney-at-law, or counselor-at-law . . . is guilty of contempt of the supreme court of this state . . . .”); *Binkley v. People*, 716 P.2d 1111, 1114 (Colo. 1986) (“Anyone advertising as a lawyer holds himself or herself out as an attorney, attorney-at-law, or counsel-at-law and, if not properly licensed, may be held in contempt of court for practicing law without a license.”); see also *Statewide Grievance Committee v. Zadora*, 772 A.2d 681, 684 (Conn. App. 2001) (“Advertising alone is sufficient to constitute the unauthorized practice of law if the advertisement is for activity that amounts to legal services.”).

<sup>60</sup> See *People v. Gregory*, 135 Colo. 438, 439, 312 P.2d 512, 512 (1957) (finding that two laypersons had engaged in the unauthorized practice of law by holding themselves out in advertisements and in person as qualified to prepare legal documents and render legal services); *People v. Castleman*, 88 Colo. 207, 207, 294 P. 535, 535 (1930) (finding that a layperson engaged in the unauthorized practice of law by appearing in court for a client and by advertising himself as an attorney on his business card).

<sup>61</sup> See *Title Guaranty Co. v. Denver Bar Ass’n*, 135 Colo. 423, 434, 312 P.2d 1011, 1016 (1957) (holding that preparation of legal documents for others amounts to the unauthorized practice of law); see also *Grimes*, 759 P.2d at 4 (ordering a layperson who had been enjoined from the practice of law not to “recommend or suggest to persons or entities using [his form service] what information should be placed in the blanks”).

demands of the court and creditors. These pleadings bear one of the hallmarks of the practice of law: the exercise of legal judgment, knowledge, or skill.<sup>62</sup>

Finally, courts nationwide have roundly held that conferral of a power-of-attorney does not authorize an unlicensed person to practice law.<sup>63</sup> Rather, a power-of-attorney permits an attorney-in-fact to make decisions regarding litigation, to be implemented by a licensed attorney.<sup>64</sup> To confer upon attorneys in fact the privileges of attorneys-at-law would vitiate the system of standards governing attorney licensure, since powers of attorney could easily be used to circumvent those standards.<sup>65</sup> The resulting practice of law by persons without appropriate training and skill would deprive members of the public of effective representation, thus occasioning significant public harm.

### Restitution, Fines, and Costs

C.R.C.P. 236(a) provides that, if a hearing master makes a finding of the unauthorized practice of law, the hearing master shall also recommend that the Colorado Supreme Court impose a fine ranging from \$250.00 to \$1,000.00 for each such incident. In this case, the People do not ask for an award of restitution. They do, however, request the assessment of the minimum fine because it is Respondent's first offense. The PDJ, however, concludes a fine of \$500.00 is appropriate in light of the numerous pleadings that Respondent drafted and filed on behalf of the Sprouses and Shoreline Advisors.

The People filed a statement of costs on June 12, 2014, reflecting costs in the amount of \$91.00.<sup>66</sup> Respondent did not file a response. The People are the prevailing party here, and the PDJ finds that their requested costs, which are limited to an administrative fee, are reasonable.

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<sup>62</sup> See *People v. Adams*, 243 P.3d 256, 266 (Colo. 2010) (noting that non-attorneys are barred from performing on another's behalf activities that require the exercise of legal discretion or judgment); *Grimes*, 759 P.2d at 3-4 (ordering a layperson who had been enjoined from the practice of law to refrain from "prepar[ing] any document for any other person or entity which would require familiarity with legal principles"); *Denver Bar Ass'n v. Pub. Utils. Cmm'n*, 154 Colo. 273, 280, 391 P.2d 467, 471-72 (1964) (stating that the practice of law encompasses the preparation for others of "procedural papers requiring legal knowledge and technique").

<sup>63</sup> See, e.g., *Christiansen v. Melinda*, 857 P.2d 345, 349 (Alaska 1993) ("A statutory power of attorney does not entitle an agent to appear pro se in his principal's place.") (cited with approval in *People v. Adams*, 243 P.3d at 266); see also *Drake v. Superior Court*, 26 Cal. Rptr. 2d 829, 833 (Cal. App. 1994) (same); *In re Conservatorship of Riebel*, 625 N.W.2d 480, 483 (Minn. 2001) (same); *Estate of Friedman*, 482 N.Y.S.2d 686, 687 (Surr. Ct. 1984) (same); *Disciplinary Counsel v. Coleman*, 724 N.E.2d 402, 404 (Ohio 2000) (same); *Kohlman v. W. Pa. Hosp.*, 652 A.2d 849, 852 (Pa. Super. Ct. 1994) (same).

<sup>64</sup> *Riebel*, 625 N.W.2d at 482.

<sup>65</sup> See, e.g., *Estate of Friedman*, 482 N.Y.S.2d at 687.

<sup>66</sup> See C.R.S. § 13-16-122 (setting forth an illustrative list of categories of "includable" costs in civil cases, including "[a]ny fees for service of process").

