

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

----- X
:
Laura Squassoni, Frances Gagliostro, Scott
Farley, Cynthia Tabares, Bert Tabares, Sophia
Burke, Darlene Henson, Kathie Crete, David
Crete, Judy Johns, Randall Johns, Bonnie
Scarborough, James Hegler, Deborah Hegler,
Lorraine Boardwine, Randy Boardwine,
Michael Ellis, Tina Ellis, Phillip Stanford,
Shakirah Stanford, Carolyn Campbell, Andrea
Niedelman, Barry Niedelman, Levi Gales,
Heather Risch, and Randall Witt,
:

Plaintiffs,

- against -

Anthony Blackwell, United Legal Solutions,
Inc. (a/k/a United Solutions Corporation),
United Solutions Law Firm LLC, Consumer
First Corporation, Consumer First Law Group
LLC, Blackwell's Attorneys LLC, Andre Day,
Derrick Lafond, Jake Daloya, Kevin Quinn,
Matthew Lapidis, Vincent Villani, Jaime
Enciso, Gabriel Katz, Jonathan Lyons, Akeem
Hutchinson, Matthew Volpe, Aren Goldfaden,
Jerzy Bialik, Ralphie Tarazi, and Michael Katz,
:

Defendants.
:
----- X

Index No. 357112

VERIFIED COMPLAINT
JURY TRIAL DEMANDED

RECEIVED

MAR 20 2012

NASSAU COUNTY
COUNTY CLERK'S OFFICE

Plaintiffs Laura Squassoni, Frances Gagliostro, Scott Farley, Cynthia Tabares, Bert
Tabares, Sophia Burke, Darlene Henson, Kathie Crete, David Crete, Judy Johns, Randall Johns,
Bonnie Scarborough, James Hegler, Deborah Hegler, Lorraine Boardwine, Randy Boardwine,
Michael Ellis, Tina Ellis, Phillip Stanford, Shakirah Stanford, Carolyn Campbell, Andrea
Niedelman, Barry Niedelman, Levi Gales, Heather Risch, and Randall Witt (collectively,
"Plaintiffs"), by and through their undersigned attorneys, Davis Polk & Wardwell LLP, and

Linda H. Mullenbach¹ and Meredith Horton, on behalf of the Lawyers' Committee for Civil Rights Under Law (the "Lawyers' Committee"), as and for their complaint against Anthony Blackwell, United Legal Solutions, Inc. (a/k/a United Solutions Corporation), United Solutions Law Firm LLC, Consumer First Corporation, Consumer First Law Group LLC, Blackwell's Attorneys LLC, Jake Daloya, Kevin Quinn, Matthew Lapidés, Vincent Villani, Andre Day, Derrick Lafond, Jaime Enciso, Gabriel Katz, Jonathan Lyons, Akeem Hutchinson, Matthew Volpe, Aren Goldfaden, Jerzy Bialik, Ralphie Tarazi, and Michael Katz, hereby allege the following based upon personal knowledge as to Plaintiffs and their own acts and documents, and information and belief as to all other matters based upon, *inter alia*, the investigation conducted by and through Plaintiffs' attorneys, which included but was not limited to a review of public documents, court filings, interviews and depositions of Defendants and others, interviews of Plaintiffs and other homeowners who have had contact with Defendants, and information readily obtainable on the Internet.

PRELIMINARY STATEMENT

1. This complaint alleges an unfortunate second chapter to the mortgage modification fraud and deceptive practices alleged in *Mook v. Homesafe America Inc.*, No. 9472/11 (Sup. Ct. Nassau Cnty.). Plaintiffs in this action were victims of the same type of false advertising, deceptive practices and fraud as the victims in that case, carried out by many of the same individuals. Here, however, those individuals attempted to evade the regulations that constrain the mortgage modification industry by cloaking themselves as operators of a law firm, making the scam even harder to detect, and the fraud that much more devastating.

¹ Application for pro hac vice admission pending.

2. Within months of starting work as an attorney for Long Island loan modification company Homesafe America Inc. (“Homesafe”) in 2010, Defendant Anthony Blackwell (“Blackwell”) realized that the company was operating illegally. New York Real Property Law Section 265-b (“Section 265-b”) bars companies and individuals from charging an up-front fee for loan modification services, and Homesafe, based in Levittown, was doing just that.

3. Around the same time, Defendant Blackwell learned that the U.S. Federal Trade Commission (the “FTC”) was preparing regulations to ban these up-front fees nationwide. Known as the “Mortgage Assistance Relief Services” or “MARS” rule, these regulations would give the FTC the authority to investigate, prosecute, and fine loan modification companies that took up-front payments. *See* 16 C.F.R. § 322.

4. But as Defendant Blackwell learned, Section 265-b and the MARS rule contain an exception. In certain narrow circumstances, both laws permit up-front payments when loan modification services are provided by an attorney. *See* N.Y. Real. Prop. L. § 265-b(1)(e)(i), *amended* by L. 2009, c. 507 § 22 (exempting attorneys “admitted to practice in the State of New York when the attorney is directly providing consulting services to a homeowner in the course of his or her regular legal practice”); 16 C.F.R. § 322.7(a)(1)-322.7(a)(3) (among other requirements, incorporating state attorney exemptions).

5. Defendant Blackwell believed he could use this exception to Homesafe’s advantage. By claiming that he, an attorney, was providing the loan modifications, his Homesafe colleagues could continue accepting up-front fees without fear of liability. Moreover, by highlighting the presence of an attorney at the head of the company, they could create a veneer of

legitimacy in an industry often associated with get-rich-quick schemes and fly-by-night operations.²

6. The plan suffered from numerous problems, the most blatant being the fact that Defendant Blackwell was not admitted to practice law in New York—a threshold requirement for the attorney exception under both Section 265-b and the MARS rule.³ In addition, in June 2010, the New York State Attorney General clarified that having an attorney as a mere front man would not satisfy the law. The Attorney General noted that its investigation of loan modification scam companies “revealed instances where companies have developed various arrangements with attorneys in an apparent attempt to circumvent the requirements of [N.Y. Real. Prop. Law] § 265-b.” In an order, the Attorney General clarified that such attempts were impermissible, stating that “[m]erely having an attorney on staff does not exempt a company from the requirements under Section 265-b.” A copy of this order is attached to the Affirmation of Jillian Rennie Stillman (“Stillman Aff.”) as Exhibit 48.

² For-profit loan modification companies have recently attracted the scrutiny of legislators, regulators, law enforcement officials, and housing advocates. In 2009, a coordinated national campaign, known as the Loan Modification Scam Prevention Network (“LMSPN”), was launched to fight scammers operating in the industry. Led by the Lawyers’ Committee, the Homeownership Preservation Foundation, Fannie Mae, and Freddie Mac, the LMSPN includes members of the U.S. Department of Housing and Urban Development (“HUD”), the U.S. Department of Treasury, and the FTC.

Homesafe has faced substantial scrutiny for its own actions. *Mook v. Homesafe America Inc.*, No. 9472/11 (Sup. Ct. Nassau Cnty.) (the “*Homesafe* action”) was filed on June 27, 2011, by a group of aggrieved victims of Homesafe against Homesafe America, United Legal Solutions Inc., Samuel, Schreiber, and numerous other employees of these companies, alleging, among other things, violations of Section 265-b, violations of New York’s deceptive practices statute, violations of New York’s false advertising statute, and common-law fraud. On June 28, 2011, Justice John M. Galasso of the New York State Supreme Court, Nassau County, issued a temporary restraining order that, among other things, prevented the company from engaging in mortgage assistance relief services. That order was converted to a preliminary injunction on August 15, 2011. The same day, Justice Galasso also granted plaintiffs’ motion for an attachment of funds belonging to Homesafe, United Legal, Samuel or Schreiber. Davis Polk & Wardwell LLP and the Lawyers’ Committee are acting as co-counsel for plaintiffs in the above-described lawsuit.

³ Despite being a 1991 graduate of the New York University School of Law, Defendant Blackwell is not admitted to practice in New York state. He was admitted to the bar of Nevada during the time period relevant to this complaint. See *infra* ¶ 47.

7. Despite these problems, Defendant Blackwell put his plan into effect in December 2010. At that time, Homesafe stopped operating following a disagreement between its owners, Scott Schreiber (“Schreiber”) and Guy Samuel (“Samuel”). Schreiber and Samuel subsequently created rival companies, and Defendant Blackwell came to separate agreements with each of them to continue Homesafe’s business as purported “law firms” under Blackwell’s supervision. Schreiber took over Homesafe’s office space and renamed the company “United Solutions.” Meanwhile, Samuel split off and began operating a new company, known as “Consumer First” in Woodbury, New York. This Verified Complaint contains allegations against both companies, which operated in parallel but with virtually identical structures.

8. Tacitly acknowledging that he was not admitted to practice law in New York, Defendant Blackwell incorporated purported “law firms” in Las Vegas under Nevada law, and established “branch offices” in Nassau County. For his business with Schreiber, Defendant Blackwell created “United Solutions Law Firm,” and for his business with Samuel, he created “Consumer First Law Group.”

9. Around the same time, Samuel and Schreiber incorporated loan modification “sales companies” in New York, which would operate in tandem with the “law firm” entities because, in theory, those corporations could solicit customers in ways that law firms ethically could not. The only difference between Homesafe’s sales efforts and the new entities’ sales efforts was that now, the salespeople pitched loan modification as a “legal service” offered by their purported “law firm.”

10. Defendants then began soliciting business via false, misleading, and deceptive advertisements and claims, including a virtual guarantee of success and promises that an attorney

admitted to practice in the customer's jurisdiction would supervise the customer's loan modification application.

11. Plaintiffs hired Defendants based on Defendants' false and misleading statements, including that Defendants ran a "law firm," and were harmed by Defendants' deceptive practices in operating for-profit loan modification schemes under the guise of New York law firms. None of the Plaintiffs received a loan modification on the terms promised to them by Defendants. In most cases, Defendants simply took Plaintiffs' money and then became impossible to reach.

12. Although Schreiber, Samuel, and Defendant Blackwell advertised these new companies as law firms, they plainly were not. Defendant Blackwell provided few, if any, services that were genuinely "legal" in nature, and when he did, he undertook them in a state in which he was not admitted to practice. Moreover, the companies made false and misleading statements about the type of work that they did, the likelihood of success, and the customers' ability to obtain a refund.

13. Plaintiffs seek redress for Defendants' unlawful acts, as well as those of their agents, employees, and successor corporations, in violation of the New York General Business Law § 349 ("Deceptive Acts and Practices"); New York General Business Law § 350 ("False Advertising"); New York Banking Law § 590 ("Registration of Mortgage Brokers"); New York Real Property Law § 265-b ("Distressed Property Consulting"); and based on other statutory and common law claims.

14. By this action, Plaintiffs seek to enjoin Defendants from the deceptive practices alleged herein and to attach certain of Defendants' assets to safeguard Plaintiffs' ability to recover monetary damages. Plaintiffs also seek to recover a monetary sum totaling not less than \$157,655 together with pre-judgment interest at the statutory rate of 9% per annum, as well as

other actual and consequential damages. These damages include, but are not limited to, the loss of equity in some Plaintiffs' homes, fees from their mortgage lenders or servicers resulting from heeding Defendants' improper advice to stop paying their mortgages, the effects of impairment on their credit ratings, and the costs associated with foreclosure proceedings, where relevant. Plaintiffs seek the return of their original and/or sensitive financial and mortgage documents that have been improperly retained by the Defendants. And, as Plaintiffs were lured into fraudulent and deceptive contracts and "retainer agreements" with Defendants, Plaintiffs also seek to have these contracts and agreements rescinded as fraudulent, and to have all provisions be declared null and void. Finally, Plaintiffs seek punitive damages of not less than \$1,000,000.00, to prevent Defendants and others from engaging in similar schemes.

JURISDICTION AND VENUE

15. This Court has personal jurisdiction over Defendants pursuant to CPLR § 301 because Defendants reside and/or are doing business within the State of New York.

Alternatively, Defendants are subject to long-arm jurisdiction pursuant to CPLR § 302(a).

16. Venue is proper in Nassau County pursuant to CPLR § 503(a) and (c) because one or more of the Defendants have their principal place of business in Nassau County.

THE PARTIES

17. Defendants ran two rival for-profit loan modification businesses, United Solutions and Consumer First (defined precisely in the “Corporate Defendants” section). Plaintiffs were customers of these businesses, and for ease of reference, they are at times referred to as “United Solutions Plaintiffs” or “Consumer First Plaintiffs,” respectively.

Plaintiffs

18. Laura Squassoni is a citizen of the State of New York, in which she owns and resides in a home at 22 Honey Lane, Staten Island, New York 10307. Ms. Squassoni was a customer of United Solutions.

19. Frances Gagliostro currently resides in Orlando, Florida. Ms. Gagliostro owns a home at 3632 Reading Avenue, Hammonton, New Jersey 08037, which was her primary residence until January 2011. Ms. Gagliostro was a customer of United Solutions.

20. Scott Farley is a citizen of the State of New York, in which he owns and resides in an apartment at 372 DeKalb Avenue, Apartment 6G, Brooklyn, New York 11205. Mr. Farley was a customer of United Solutions.

21. Cynthia Tabares and her husband Bert Tabares are citizens of the State of Florida, in which they own and reside in a home at 10211 Brandy Hills Court, Tampa, Florida 33615. The Tabareses were customers of United Solutions.

22. Sophia Burke is a citizen of the State of New York. She owns and resides in a home at 221 Legion Street, Brooklyn, New York 11212. Ms. Burke was a customer of United Solutions.

23. Darlene Henson is a citizen of the State of New York. She owns and resides in a home at 204 North Terry Hill Road, Carmel, New York 10512. Ms. Henson was a customer of Consumer First.

24. Kathie Crete and her husband David Crete are citizens of the State of New Hampshire, in which they own and reside in a home at 37 N. Redding Street, Manchester, New Hampshire 03104. The Cretes were customers of Consumer First.

25. Judy Johns and her husband Randall Johns are citizens of the State of Florida, where they reside in Starke, Florida. The Johns own a second home at 4076 Mount Carmel Lane, Melbourne, Florida 32901. Mr. and Ms. Johns were customers of Consumer First.

26. Bonnie Scarborough is a citizen of the State of Alaska, in which she formerly owned and resided in a home at 1860 Minerva Way, Anchorage, Alaska 99515. Having lost her home to foreclosure in October 2011, Ms. Scarborough now rents a condo in Anchorage. Ms. Scarborough was a customer of Consumer First.

27. James Hegler and his wife Deborah Hegler are citizens of the State of Minnesota, in which they own and reside in a home at 179 1st Street Northeast, Forest Lake, Minnesota, 55025. Mr. and Ms. Hegler were customers of Consumer First.

28. Lorraine Boardwine and her husband Randy Boardwine are citizens of the State of Pennsylvania, in which they own and reside in a home at 534 North McDermott Road, Fawn Grove, Pennsylvania 17321. Mr. and Ms. Boardwine were customers of Consumer First.

29. Michael Ellis and his wife Tina Ellis are citizens of the State of New Jersey, in which they own and reside in a home at 16 Cedar Tree Lane, Toms River, New Jersey 08753. Mr. and Ms. Ellis were customers of Consumer First.

30. Phillip Stanford and his wife Shakirah Stanford are citizens of the State of New Jersey, in which they own and reside in a home at 42 Livingston Avenue, Avenel, New Jersey 07001. Mr. and Ms. Stanford were customers of Consumer First.

31. Carolyn Campbell is a citizen of the State of Virginia, in which she owns and resides in a home at 16021 Bowling Green Road, Windsor, Virginia 23487. Ms. Campbell was a customer of Consumer First.

32. Andrea Niedelman and her husband Barry Niedelman are citizens of the State of New York, in which they own and reside in a home at 8 Gladys Drive, Spring Valley, NY 10977. Mr. and Ms. Niedelman were customers of Consumer First.

33. Levi Gales is a citizen of the State of Maryland, in which he owns and resides in a home at 102 Traverse Avenue, Hurlock, MD 21643. Mr. Gales was a customer of Consumer First.

34. Heather Risch and her husband Randall Witt are citizens of the State of New Jersey, in which they own and reside at 303 Warren Street, Phillipsburg, New Jersey 08865. Ms. Risch and Mr. Witt were customers of Consumer First.

Defendants

35. Defendants consist of owners, managers, agents, or employees of two separate mortgage modification businesses, defined below as United Solutions and Consumer First. Both businesses operated under the guise of "law firms" led by Defendant Blackwell. Both businesses were organized in the same way, each consisting of a New York corporation and a Nevada LLC, purportedly a law firm. Both companies employed the same or similar categories of employees.

36. At all relevant times, the principals of United Solutions were Defendant Blackwell, owner and manager of the purported “law firm,” and Schreiber, owner and manager of the business corporation.

37. At all relevant times, the principals of Consumer First were Defendant Blackwell, owner and manager of the purported “law firm,” and Samuel, owner and manager of the business corporation.

38. United Solutions and Consumer First employed at least one “sales manager” or “floor manager” who trained and supervised the sales employees who interacted directly with customers.

39. Beneath the sales managers, there are at least three additional positions: (i) the “Intake Manager,” or salesperson, who makes initial contact with homeowners and convinces them to sign the company’s “enrollment documents” and to retain their services; (ii) the “processor,” who is responsible for collecting the customers’ financial and mortgage-related documents, and (iii) the “Case Manager” or “mitigator,” who oversees the homeowners’ loan modification application and occasionally sends auto-generated updates to homeowners about their “client file.” No processors or mitigators are named as defendants in this complaint.

A. Corporate Defendants

United Solutions Business Entities

40. Defendant United Legal Solutions, Incorporated (“ULS Inc.”) is a domestic business corporation, incorporated on December 13, 2010 and organized and existing under the laws of the State of New York, with its principal place of business in Nassau County. During relevant times, Defendant ULS Inc. has conducted business at 3000 Hempstead Turnpike, Suite 200, Levittown, New York and 3000 Hempstead Turnpike, Suite 317, Levittown, New York.

During relevant times, Defendant ULS Inc. was not registered as a mortgage broker with the New York State Banking Department (“NYSBD”). During relevant times, Defendant ULS Inc. did business under the names “United Solutions Law Firm LLC” and “United Solutions Corp.” ULS Inc.’s Certificate of Incorporation is attached as Exhibit 1 to the Stillman Aff.

41. Defendant United Solutions Law Firm LLC (“USLF”) is a foreign limited liability company, incorporated on February 6, 2011 and organized and existing under the laws of the State of Nevada. The Articles of Organization filed with the Nevada Secretary of State show that the registered agent for service of process is “Anthony J Blackwell Esq.,” with a street address of 2320 Paseo del Prado B101, Las Vegas, Nevada and a mailing address of 1000 Woodbury Road Suite 10, Woodbury, Nevada. This mailing address does not exist in Nevada. Other than the incorrect state and suite number, it is the address of Consumer First in New York. During relevant times, Defendant USLF has conducted business at 3000 Hempstead Turnpike, Suite 200, Levittown, New York and 3000 Hempstead Turnpike, Suite 317, Levittown, New York. USLF’s Nevada Articles of Organization are attached as Exhibit 2 to the Stillman Aff. No company named “United Solutions Law Firm LLC” is registered with the New York Department of State Division of Corporations as either a domestic entity or a foreign entity authorized to do business in New York. A printout from the Division of Corporations website reflecting this fact is attached as Exhibit 3 to the Stillman Aff. During relevant times, Defendant USLF was not registered as a mortgage broker with the NYSBD. During relevant times, Defendant USLF did business under the names ULS Inc. and “United Solutions Corporation”

42. Defendants ULS Inc. and USLF operated a single loan modification business, known to customers as “United Solutions Law Firm.” No practical difference exists between ULS Inc. and USLF in the operation of the business, the management of its employees, or

employee payment practices. Accordingly, Defendants ULS Inc. and USLF are at times referred to as the single business United Solutions (“United Solutions”).

Consumer First Business Entities

43. Defendant Consumer First Corporation (“CF Corp.”) is a domestic business corporation, incorporated by Samuel on November 10, 2010 and organized and existing under the laws of the State of New York, with its principal place of business in Nassau County. At the time it was registered, the address for CF Corp. was given as 3000 Hempstead Turnpike, Suite 317, Levittown, New York, which is the address for Homesafe and for United Solutions. At the time the company started operating, it conducted business at 1000 Woodbury Road, Suite 107, Woodbury, New York. During relevant times, Defendant CF Corp. was not registered as a mortgage broker with the NYSBD. During relevant times, Defendant CF Corp. did business under the names Consumer First Law Group LLC and Blackwell’s Attorneys LLC. The Certificate of Incorporation for CF Corp. is attached as Exhibit 4 to the Stillman Aff.

44. Defendant Consumer First Law Group LLC (“CFLG”) is a foreign limited liability company, incorporated on January 27, 2011 and organized and existing under the laws of the State of Nevada. The Articles of Organization filed with the Nevada Secretary of State show that the registered agent for service of process is “Anthony J Blackwell Esq.,” with a street address of 2320 Paseo del Prado B101, Las Vegas, Nevada and a mailing address of 1000 Woodbury Road Suite 10, Woodbury, Nevada. This mailing address does not exist in Nevada. Other than the incorrect state and suite number, it is the address of Consumer First in New York. CFLG’s Nevada Articles of Organization are attached as Exhibit 5 to the Stillman Aff. No company named “Consumer First Law Group” is registered with the New York Department of State Division of Corporations as either a domestic entity or a foreign entity authorized to do

business in New York. A printout from the Division of Corporations website reflecting this fact is attached as Exhibit 6 to the Stillman Aff. During relevant times, Defendant CFLG has conducted business at 1000 Woodbury Road, Suite 107, Woodbury, New York. During relevant times, Defendant CFLG was not registered as a mortgage broker with the NYSBD. During relevant times, Defendant CFLG did business under the names CF Corp. and Blackwell's Attorneys LLC.

45. Defendant Blackwell's Attorneys LLC ("Blackwell's Attorneys") is a foreign limited liability company, incorporated on June 28, 2011 and organized and existing under the laws of the State of Nevada. The Articles of Organization filed with the Nevada Secretary of State show that the registered agent for service of process is "Anthony J Blackwell Esq.," with a street address of 2320 Paseo del Prado B101, Las Vegas, Nevada and a mailing address of 1000 Woodbury Road Suite 107, Woodbury, Nevada. This mailing address does not exist in Nevada. Other than the incorrect state, it is the address of Consumer First in New York. The Articles of Organization for Blackwell's Attorneys are attached as Exhibit 7 to the Stillman Aff. No company named "Blackwell's Attorneys" is registered with the New York Department of State Division of Corporations as either a domestic entity or a foreign entity authorized to do business in New York. A printout from the Division of Corporations website reflecting this fact is attached as Exhibit 8 to the Stillman Aff. During relevant times, Defendant Blackwell's Attorneys has conducted business at 1000 Woodbury Road, Suite 107, Woodbury, New York. During relevant times, Defendant Blackwell's Attorneys was not registered as a mortgage broker with the NYSBD. During relevant times, Defendant Blackwell's Attorneys did business under the names CF Corp. and CFLG.

46. Defendants CF Corp. and CFLG operated a single loan modification business, known to customers primarily as “Consumer First Law Group,” and at times as “Blackwell’s Attorneys.” No practical difference exists between CF Corp., CFLG, and Blackwell’s Attorneys in the operation of the business, the management of its employees, or employee payment practices. Accordingly, Defendants CF Corp., CFLG and Blackwell’s Attorneys are referred to at times as the single business Consumer First (“Consumer First”).

B. Individual Defendants

Principals and Managers

47. Defendant Anthony J. Blackwell is or was an owner, principal and/or manager of Defendants USLF, ULS Inc., CFLG, CF Corp., and Blackwell’s Attorneys. He is designated as a recipient for service of process in the incorporation documents for Defendants USLF, CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Blackwell engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD. Defendant Blackwell is an attorney who, during the time period relevant to this complaint, was admitted to practice law in the State of Nevada, Bar No. 7604. In February 2012, he was suspended for failure to pay his dues. See Stillman Aff. ¶ 19. He also was admitted to the State Bar of Arizona in 1993, but his bar membership has been in “Disability Inactive Status” since June 29, 2009. See Stillman Aff. ¶¶ 20-22, Exhibits 15-17. He is not and never has been admitted to practice law in the State of New York. See Exhibit 18 to the Stillman Aff. He resides in Nassau County.

48. Defendant Jake Daloya (“Daloya”) was a manager, employee or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. Daloya worked as the sales or “floor” manager at Consumer First, where he hired, trained, and supervised salespeople,

including Defendants Ralphie Tarazi, Vincent Villani, Matthew Lapidés, and Akeem Hutchinson. During relevant times, Defendant Daloya engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD. He resides in Nassau County.

Salespeople

49. Defendant Andre Day (“Day”) was a salesperson and an employee, agent, or independent contractor of Defendants ULS Inc. and/or USLF. During relevant times, Defendant Day engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

50. Defendant Derrick Lafond (“Lafond”) was a salesperson and an employee, agent, or independent contractor of Defendants ULS Inc. and/or USLF. During relevant times, Defendant Lafond engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

51. Defendant Jonathan Lyons (“Lyons”) was a salesperson and an employee, agent, or independent contractor of Defendants USLF, ULS Inc., CFLG, CF Corp. and Blackwell’s Attorneys. During relevant times, Defendant Lyons engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

52. Defendant Kevin Quinn (“Quinn”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Quinn engaged in business activities in the State of New York,

offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

53. Defendant Matthew Lapidés (“Lapidés”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Lapidés engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

54. Defendant Vincent Villani (“Villani”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Villani engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

55. Defendant Jaime Enciso (“Enciso”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Enciso engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

56. Defendant Gabriel Katz (“Gabriel Katz”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Gabriel Katz engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

57. Defendant Akeem Hutchinson (“Hutchinson”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Hutchinson engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

58. Defendant Matthew Volpe (“Volpe”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Volpe engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

59. Defendant Aren Goldfaden (“Goldfaden”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Goldfaden engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

60. Defendant Jerzy Bialik (“Bialik”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Bialik engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

61. Defendant Ralphie Tarazi (“Tarazi”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Bialik engaged in business activities in the State of New York,

offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

62. Defendant Michael Katz (“Michael Katz”) was a salesperson and an employee, agent, or independent contractor of Defendants CF Corp., CFLG, and Blackwell’s Attorneys. During relevant times, Defendant Michael Katz engaged in business activities in the State of New York, offering loan modification services to consumers, and was not registered as a mortgage broker with the NYSBD.

FACTUAL BACKGROUND

63. The facts are set forth below in four sections: (I) information regarding Homesafe, a predecessor entity; (II) an overview of the operations of United Solutions and Consumer First and the roles of the principals and managers of the businesses; (III) a description of the false and misleading statements that Defendants make to consumers; and (IV) Plaintiffs' individual experiences with Defendants.

SECTION I: Predecessor Entities

64. Because Defendants hatched their plans to create purported "law firms" while they were working at Homesafe, this Section briefly reviews Homesafe's operations, which are described in greater detail in the verified complaint in the *Homesafe* action.

65. Homesafe was founded by Samuel and Schreiber in 2008 as a for-profit mortgage modification company, and remained in operation through the end of 2010.

66. Homesafe accepted up-front fees for loan modification services in violation of the law, specifically Section 265-b. Homesafe also engaged in fraudulent and deceptive business practices, falsely advertising on its websites that it was affiliated with federal government programs and major financial institutions. The websites also promised a "money back guarantee" and made other affirmative representations regarding the company's success rate in obtaining mortgage modifications and how long it would take the company to achieve a mortgage modification on behalf of a customer.

67. After potential customers entered their contact information into one of the misleading websites, a sales representative called and aggressively pitched Homesafe's services. The sales staff made false and misleading oral representations regarding the company's success

rate, how long it would take to obtain a mortgage modification, and the money-back guarantee policy.

68. After customers agreed to hire the company, Homesafe sent a package of enrollment documents. Homesafe's enrollment documents made false and misleading representations regarding the success rate, the company's expertise, the time it would take to obtain a mortgage modification, and the company's guaranteed refund policy.

69. Homesafe required up-front payment of thousands of dollars for its mortgage modification services, prior to the company performing any services on behalf of the customers.

70. Samuel readily admits that Homesafe violated Section 265-b by accepting upfront fees. In May of 2011, in a lawsuit brought by Schreiber against Samuel for taking \$181,000 in Homesafe corporate funds just prior to Samuel's abrupt departure from the company, Samuel submitted an affidavit in which he admitted that "the entire operation was illegal." Justice Bucaria of Nassau County Supreme Court issued an opinion dismissing Schreiber's claims under the doctrine of *in pari delicto* because the parties readily acknowledged having violated Section 265-b and running an illegal operation. Justice Bucaria referred the case to the New York Attorney General for "appropriate action."

71. Homesafe, ULS Inc., Samuel, and Schreiber, among others, are defendants in a case currently pending before the Nassau County Supreme Court for the very practices described here. See supra note 2.

72. As described previously, Defendant Blackwell was hired as an attorney at Homesafe in August of 2010. He eventually became aware that the company was operating in violation of Section 265-b and of the impending MARS Rule. In his deposition testimony in the *Homesafe* action, Blackwell explained that he told Samuel and Schreiber that "you guys are

going to have to set up a law firm or associate yourselves with a law firm or something” in order to be legally compliant.

73. Defendant Blackwell also testified in his deposition that he spoke with Samuel more specifically about the MARS Rule in November 2010. He informed Samuel that in order to comply with the MARS Rule, a company would have to have local counsel engaged in the practice of law in each state.

74. In some instances, Defendant Blackwell – despite being admitted to practice solely in Nevada – provided legal services from Homesafe’s offices in New York to customers not from Nevada during his tenure at Homesafe. A recent law school graduate who shared an office with Defendant Blackwell while at Homesafe (“Employee A”) testified during his deposition that he witnessed Defendant Blackwell give in-person legal advice to customers at the Homesafe offices.

75. Homesafe closed down in December 2010, when Samuel is alleged by Schreiber to have absconded with \$181,000 of corporate assets.

SECTION II: Defendants' Operations

76. Defendant Blackwell devised a scheme to take illegitimate advantage of the narrow exemptions to the MARS Rule and Section 265-b while he was working at Homesafe with Samuel and Schreiber.

77. Shortly after Homesafe closed down in December 2010, Defendant Blackwell began working with both Schreiber and Samuel, separately, to create new loan modification businesses. In order to create the impression that each business was a legitimate law firm, and therefore arguably compliant with federal and state regulations, Defendant Blackwell structured the businesses so that each operation consisted of a business corporation incorporated under the laws of New York, and a limited liability company, the purported "law firm," incorporated under the laws of Nevada.

78. Starting in early 2011, Defendants offered loan modification services from their offices in Nassau County to consumers from all over the country. Operating under the guise of law firms, Defendants exploited the consumers' belief that an attorney is specially qualified to work in the loan modification industry and made unfounded promises of success in order to extract up-front payments of thousands of dollars from customers. Rather than providing legal assistance to customers in connection with their applications for mortgage modifications, United Solutions and Consumer First provided little more than legal cover to an underlying loan modification business that was operating in flagrant violation of federal and state law prohibitions, by taking up-front payments among other things.

79. In reality, the companies were not authorized under New York law to provide legal services or furnish attorneys to anyone. Defendant Blackwell engaged in the unauthorized practice of law by holding himself out to the public and, specifically, Defendants' customers, as an attorney that was qualified to give legal advice in various states in which he was not licensed, including New York.

80. Members of the public, customers, and even Defendants' employees knew the businesses only as law firms. Customers believed that their loan modification applications were prepared with legal expertise, when instead, the services provided—when they were provided at all—consisted of non-lawyer staff collecting and submitting standard paperwork to the lender. Those activities are not legal in nature and are no different from the services provided at Homesafe.

A. United Solutions: Defendants ULS Inc. and USLF

81. After Samuel left Homesafe, Schreiber, Defendant Blackwell, and many other employees remained, and began operating the business as United Solutions.

82. Schreiber incorporated Defendant ULS Inc. on December 13, 2010. Defendant Blackwell did not incorporate the associated "law firm," Defendant USLF, until February 6, 2011. The business operated out of Homesafe's offices in Levittown, New York and began taking on customers under the name "United Solutions Law Firm" in January 2011. For more than a month, until Defendant USLF was incorporated, Defendants advertised their services as a law firm before the associated "law firm" entity even existed.

83. Many of the same employees that had worked at Homesafe continued to work at United Solutions, and the fraudulent and deceptive business practices of Homesafe continued, along with additional misrepresentations related to offering and advertising "legal services."

84. Schreiber continued in his role as an owner and principal manager of the business, and generally oversaw the sales staff, processors and, mitigators.

85. Defendant Blackwell was the principal attorney for United Solutions through at least the end of February of 2011. The enrollment documents for the company identified him as the “managing attorney.” Defendant Blackwell worked directly on customer files, determining whether he believed a homeowner would be eligible for a loan modification through the Making Home Affordable Modification Program (“HAMP”). He also ran the purported “legal team,” which consisted of an attorney recently licensed in New York (“Attorney A”) and Employee A, who had graduated from law school but was not yet a member of any bar. Attorney A testified in her deposition in connection with the *Homesafe* action that she worked at United Solutions for two or three weeks, that Defendant Blackwell was her supervisor, and that she didn’t really know how to do mortgage modification work. She testified that her job consisted of calling clients and welcoming them to the firm, representing herself as a New York attorney. Her presence in no way qualified Defendants’ practices for the attorney carve-out under the MARS Rule or Section 265-b.

86. United Solutions did not maintain a separate IOLTA account for receiving and segregating client money, as required by state ethics rules and the MARS Rule.

87. In or around February of 2011, Defendant Blackwell stopped working at United Solutions. After he left, he agreed with Schreiber that he would pay Kimberlee Dworczyk (“Dworczyk”), a mitigator at the company, to continue to work on some subset of the files. Defendant Blackwell testified that he paid Dworczyk approximately \$800 per week to work on these files through August of 2011, even after she left United Solutions sometime in the spring of 2011.

88. In August of 2011, Dworczyk stopped working on the files and notified many of the customers that she would no longer be responsible for their modification applications, explaining that Defendant Blackwell had stopped paying her. Plaintiffs have no information suggesting, or other reason to believe, that Defendant Blackwell or anyone else is working on their applications.

89. Schreiber continued to operate United Solutions through around May of 2011, at which point the customers, including Plaintiffs, suddenly could no longer reach anyone at the company. Plaintiffs have no information suggesting, or other reason to believe, that anyone currently is working on their loan modifications.

B. Consumer First: Defendants CF Corp., CFLG and Blackwell's Attorneys

90. When Samuel left Homesafe, he expressed his intention to open up a new mortgage modification shop with Defendant Blackwell, and invited employees to join him. Many Homesafe employees accepted Samuel's and Defendant Blackwell's invitations to work at Consumer First (including Defendants Daloya, Lyons, Goldfaden, and Gabriel Katz). The fraudulent and deceptive business practices of Homesafe continued, along with additional misrepresentations related to offering and advertising "legal services."

91. Samuel incorporated Defendant CF Corp. on November 10, 2010, and Defendant Blackwell incorporated the associated "law firm," Defendant CFLG, on January 28, 2011. The business opened offices in Woodbury, New York around December 2010 or January 2011, and began taking on customers at that time. Until Defendant CFLG was incorporated, Defendants advertised their services as a law firm before the associated "law firm" entity even existed.

92. Defendant Blackwell was the only attorney who worked for Consumer First. The enrollment documents for the company identified him as the "managing attorney."

93. Defendant Blackwell was also a principal of the company, who directed policies and procedures for the sales staff and the mitigation department. He issued paychecks to all employees under the name of Defendant CFLG.

94. Defendant Blackwell instructed sales staff in what to say (and what not to say) in their sales pitches. In the summer of 2011, he instructed the sales staff that they could pitch the services of the company as either "Consumer First Law Group" or "Blackwell's Attorneys," out of a concern that Defendant CFLG had received too many consumer complaints online. Defendant Blackwell was also solely responsible for the refund policy at the company, which was offered by the sales staff on an ad hoc basis, upon his approval.

95. Defendant Blackwell also worked directly on customer files at Consumer First, determining whether he believed a given customer would be eligible for loan modification through the HAMP program. On a day-to-day basis, he managed the mitigation department.

96. Samuel was a principal of Consumer First. On a day-to-day basis, he managed the business and oversaw the sales staff and the online advertising for the company. Along with Defendant Blackwell, Samuel managed the company's account with Google for the advertising of their websites.

97. Defendant Daloya worked as a "sales manager" or a "floor manager" for the sales staff at Consumer First. On a day-to-day basis, Daloya's responsibilities included managing and supervising the sales staff, distributing "leads," i.e., potential customers, and training salespeople. He also had the authority to hire salespeople.

98. Consumer First also benefited from the involvement of a wealthy Long Island businessman who provided Samuel with \$75,000 in December 2010 with the understanding that

Samuel was starting a new loan modification business, and who later allowed the Defendants to use his lines of credit to pay company expenses.

99. In mid-August of 2011, customers, including Plaintiffs, suddenly were unable to reach anyone at the company. Around that time, Consumer First was evicted from its offices in Woodbury for nonpayment of rent. With one exception, Plaintiffs have had no indication since mid-August that any work was being done on their loan modification applications.

100. After Consumer First was evicted from its offices in Woodbury, Defendant Blackwell reentered the offices to remove client files.

101. During the approximately eight months that Consumer First solicited and accepted customers, Consumer First had at least 350 customers from whom it collected up-front payments of \$1000 or more, often approximately \$3000 per customer.

102. Blackwell set up the bank accounts for Consumer First and has access to them.

C. Blackwell: American Freedom Law Group

103. On July 21, 2011, Defendant Blackwell incorporated American Freedom Law Group LLC under Nevada law. The Articles of Organization filed with the Nevada Secretary of State list a mailing address of 1000 Woodbury Road, Suite 107, Woodbury, Nevada, an address which does not exist in Nevada. Other than the incorrect state, this is the address of Consumer First in New York. A printout from the Nevada Secretary of State reflecting this fact is attached as Exhibit 9 to the Stillman Aff. No entity named American Freedom Law Group LLC is registered with the New York Department of State Division of Corporations as either a domestic entity or a foreign entity authorized to do business in New York. A printout from the Division of Corporations website reflecting this fact is attached as Exhibit 10 to the Stillman Aff.

104. In deposition testimony in the *Homesafe* action, Defendant Blackwell described the new business as focused on predatory lending and claims against banks for various violations of the Fair Housing Act. Nevertheless, he also explained that, to the extent it was necessary to provide loan modification services in connection with his new business, he would continue to do so. Defendant Blackwell still resides in Nassau County.

SECTION III: Defendants' False and Misleading Statements

105. Defendants consistently made false and misleading statements, both written and oral, to consumers. A customer would first encounter Defendants on the Internet, usually as the result of a search for information on mortgage modifications. Defendants' websites lured customers in with representations that Defendants were experienced in providing legal services to obtain mortgage modifications, and, in some instances, with the implication that Defendants were associated with the Obama Administration.

106. The next step in the scam occurred over the telephone, when a salesperson from one of the Defendant entities would call the homeowner, using information the homeowner entered into the website. In most cases, the salesperson would tell the homeowner that the purported "law firm" was run by an attorney with more than a decade of experience, that it had an incredibly high success rate in obtaining mortgage modifications, and that the attorney would not accept the homeowner's "case" unless he was sure that person qualified for a mortgage modification. As part of the hard sell, a salesperson would often tell homeowners that they would get their money back if they did not receive a modification, and would then impose an arbitrary "deadline" for the customer to hire the company, in order to pressure the homeowner to decide quickly.

107. Finally, after the homeowner agreed to hire the company, the salesperson would send a boilerplate form contract, among other forms, and direct the customer to complete and return them as soon as possible, with payment.

A. Websites and Advertisements

108. Defendants marketed their businesses extensively on the Internet and maintained several websites, each of which contained numerous false, misleading, or fraudulent statements regarding the type of services provided by the Defendants.

1. United Solutions Websites

109. The websites for United Solutions included <http://www.unitedsolutionscorp.com> and <http://www.ulsinc.co>.

110. <http://www.unitedsolutionscorp.com>: The domain name was registered on December 17, 2010, and was registered using a proxy company to shield the identity of the individuals maintaining the site and the website. The website is no longer online, but it was available to the public and used to solicit business from consumers through August of 2011. Screenshots of this website as it appeared on March 21, 2011 and May 18, 2011 are attached as Exhibits 19 and 20 to the Stillman Aff.

111. The website created the appearance that United Solutions was a law firm called “United Solutions Law Firm” that was based in New York and registered to do business under that name in New York; and that it employed an attorney or attorneys permitted to practice law in New York. It also represented that the purported “law firm” had been in operation since 1993 (the year in which Defendant Blackwell was admitted to the bar of Arizona), and that it offered a variety of legal services. The website contained the following misrepresentations:

- The header of the website advertised “United Solutions Law Firm” as offering services “nationwide.”

- “Discover the distinctive legal services offered by United Solutions in Levittown, New York, that set us apart from other law firms.”
- “We stand with you, represent you, and fight for you, providing exceptional service since 1993.”
- “Our Legal Services Include: Foreclosure, Defense, Bankruptcy, Short Sale, Loan Modification, Debt Settlement, Powers of Attorney, Deed-in-Lieu.”

112. In reality, the entity “United Solutions Law Firm” (Defendant USLF) was incorporated in Nevada, not New York, and not until February 2011. During January 2011, United Solutions, which at that point consisted only of Defendant ULS Inc., held itself out to the public and obtained customers as “United Solutions Law Firm,” misrepresenting that it was a law firm and using a name of an entity that did not even exist yet. Additionally, Defendant Blackwell, the principal attorney at United Solutions, was admitted to practice law only in Nevada.

113. The website further misrepresented the nature and scope of services that United Solutions provided to homeowners. In particular, the website stated that United Solutions representatives would work directly with lenders to develop a “solution tailored to [the homeowners’] needs,” creating the impression that the company had some flexibility to negotiate modification terms with the lender. It also created the impression that the “qualification process” indicated with some degree of accuracy whether a homeowner would be successful in obtaining a modification through a particular program, and that United Solutions would operate “fast and effectively.” The misleading statements made in the “Loss Mitigation Services” section of the website include:

- “We specialize in working with your lender to restructure your loan, and make your home affordable.”

- “[O]ur team of experienced mitigators work with loan servicers, lenders and investors to work out a solution tailored to your financial needs.”
- “Unlike many other firms, we possess industry specific software that is cutting edge, that enables us to Qualify our clients based on their financial needs and lender requirements.”
- “Our industry leading qualification process, combined with our extensive experience and our commitment to excellent service, give us the ability to resolve your mortgage problems fast and effectively.

114. In reality, representatives of United Solutions did not work directly with lenders to negotiate or “work out” the terms of loan modifications that were tailored to the clients’ needs. They merely applied on behalf of their clients for a HAMP modification, which has very specific criteria for mortgage modifications, or other specific modification programs, by collecting from clients and submitting to the clients’ lenders a very standard set of financial documents. Nor did Defendants’ qualification process accurately predict or reflect which customers *actually* would qualify for a HAMP modification. None of the Plaintiffs, all of whom were “Qualified,” received a modification at or near the terms promised by Defendants. Finally, United Solutions had no intention of operating with speed or achieving success for its customers.

115. <http://www.ulsinc.co>: The domain name was registered on December 15, 2010 to “United Legal Solutions” located at 3000 Hempstead Turnpike, Suite 317, Levittown, New York. Schreiber was the administrative and technical contact for the website. The website is no longer online, but it was available to the public and used to solicit business from consumers through at least the spring of 2011. Screenshots of this website as it appeared on May 18, 2011 are attached as Exhibits 21 and 22 to the Stillman Aff.

116. The website made many of the same misrepresentations as <http://www.unitedsolutionscorp.com>, including that United Solutions was a New York-based law

firm that employed a New York-licensed attorney. The website also implied that the purported “law firm” was registered under the name “United Legal Solutions.” In reality, United Legal Solutions (Defendant ULS Inc.), was a New York business corporation, not a law firm. The website contained the following misleading statements:

- “Schedule a free consultation at our Levittown, New York, law firm today and see why you need our legal services for any family or business.”
- “Guarantee aggressive legal representation, reliable counsel, and unparalleled customer service when you choose our Levittown, New York business attorney for your financial needs.”

117. The website also misrepresented United Solutions’ experience and success in helping homeowners, providing that:

- “With the help of our business attorney, thousands of people are often able to avoid foreclosure and remain in possession of their homes.”
- “Our law firm was established 1993 [sic] to provide legal services nationwide, and is renowned for providing exceptional care on every call.”

118. In reality, United Solutions helped few, if any, customers avoid foreclosure and was only in operation since late 2010 or early 2011. And Defendant Blackwell, although he has been licensed to practice law in other jurisdictions since 1993, has never been a licensed “Levittown, New York business attorney.”

2. Consumer First Websites and Advertisements

119. The websites for Consumer First included (i) <http://www.theobamahamp.net>, (ii) <http://www.consumer1stlaw.com>, (iii) <http://www.consumerfirstlawgroup.com>, and (iv) <http://www.blackwellsattorneys.com>.

120. **<http://www.theobamahamp.net>**: This domain name was registered on September 16, 2010 using a proxy company to shield the identity of the individuals maintaining the site. Homesafe used the site to solicit customers through the fall of 2010, and Consumer First began

using the site in early 2011. The website's misrepresentations are described below with respect to a version of the site that advertised the services of Consumer First, which is no longer available online. A screenshot of this website as it appeared on May 18, 2011 is attached as Exhibit 23 to the Stillman Aff.

121. The website created the appearance that Consumer First was endorsed by or associated with President Barack Obama and implied that a successful modification under the Obama HAMP program would be guaranteed. The misrepresentations included:

- A prominently featured photograph of President Obama, along with the name "The Obama HAMP" in a font and color that resembled that used in President Obama's 2008 campaign for office.
- The header, which read "President Obama's Making Homes Affordable Program."
- "The funds the Obama Administration has made available for this program come from YOUR tax dollars."
- "Take advantage of this program while it is still available! You will be able to lower your rate as low as 2%, obtain a fixed lower monthly payment, and save your home from foreclosure."

122. Only in a very small font, at the top of the page, did the website reveal that it was "not affiliated with any government organization." A small disclaimer repeated the warning in a sidebar.

123. In reality, Consumer First was not affiliated with the federal government in any way, and the company was aware that homeowners were not guaranteed to receive a modification under the Making Home Affordable Program.

124. The website made further misrepresentations about Consumer First's affiliations with "participating lenders," creating the appearance that the company had a formal relationship

with financial institutions that would increase the likelihood of homeowners obtaining loan modifications, including:

- A header, which advertises, “Some of Many Participating Lenders,” and displays logos for Citibank, Chase, Bank of America, WaMu, Wachovia, Countrywide, USBank, and Wells Fargo.

125. In reality, Consumer First did not have any type of affiliation with these financial institutions.

126. <http://www.consumer1stlaw.com>: This website was registered on November 10, 2010 to “Verihomes Corp.” Samuel is the administrative contact, at the address 3000 Hempstead Turnpike, Suite 200, Levittown, New York. The website is still online. Screenshots of this website as it appeared on May 18, 2011 and October 3, 2011 are attached as Exhibits 24, 25 and 26 to the Stillman Aff.

127. Next to the name “Consumer First Law Group,” the website prominently features a blue circular chain-link logo, which bears a strong resemblance to the blue logo used by Chase Bank.

128. The website creates the appearance that Consumer First is a law firm that employs an attorney or attorneys licensed to practice law in New York. The company also claims that it can provide legal services in a variety of states through affiliate attorneys licensed in the relevant jurisdiction. The misleading statements include:

- “Consumer First Law Group is comprised of an experienced team of attorneys and friendly support staff. With over 50 years’ worth of experience in helping consumers overcome financial hardships, our goal is for every client to experience financial stability.”
- “We have offices in New York and Nevada and we’ve been providing legal counsel services to consumers across the nation.”
- “We have affiliate attorneys locally available in most metropolitan areas . . .”

129. In reality, Defendant Blackwell was the only attorney working at Consumer First, and he has never been licensed to practice law in New York. The Consumer First Plaintiffs, who reside in states in which Defendant Blackwell is not licensed to practice law, never communicated with or received information from or about any attorney other than Blackwell. They have no reason to believe that an affiliate attorney worked on their modification applications. The website also grossly overstates the experience of the company at “over 50 years[,]” when in reality, Defendant Blackwell has only been a licensed attorney since 1993.

130. The website also represents falsely that homeowners cannot negotiate directly with their lenders, due to a vague conflict of interest, and instead that they need to engage an attorney to modify their home loans. In reality, nothing prevents homeowners from negotiating directly with their lenders. The misleading statement reads:

- “While there is a conflict of interest—specifically fiduciary concerns—when lending institutions attempt to make new agreements directly with the homeowner, obtaining legal counsel is often the best way for both parties to come to an agreement with the best terms.”

131. The website also leads people to believe that it will provide excellent customer service, promising that “Each of our clients is assigned dedicated support staff to guide them for the duration of their case.” In reality, homeowners received attention until they paid the company, at which time representatives of Consumer First often became nearly impossible to reach.

132. <http://www.blackwellsattorneys.com>: This website was registered on May 8, 2011, using a proxy company to shield the identity of the individuals maintaining the site. The website is no longer online, but it was available to the public and used to solicit business from consumers through January 2012. A screenshot of this website as it appeared on October 3, 2011 is attached as Exhibit 27 to the Stillman Aff.

133. The website creates the impression that Blackwell's Attorneys is permitted to offer legal services nationwide; that "local attorneys" in a homeowner's state would provide legal services; that the company was qualified to provide foreclosure defense in a homeowner's state; and that the company complied with the laws of all fifty states. The website's misrepresentations include the following descriptions of the company and its services:

- "A National Network of Experienced Attorneys, Banking and Real Estate Professionals dedicated to preserving American Homeownership and Reducing Personal Debt"
- "Experienced Local Attorneys"
- "Federally and 50-State Compliant"
- "Foreclosure Defense . . . If you have been served with a foreclosure, lis pendens or summons, contact us immediately. Time is of the essence and we are ready to put our talents to work for you."

134. In reality, Defendant Blackwell's Attorneys was merely a legal front for the loan modification services provided by Consumer First.

135. Consumer First has also registered a number of other websites, which include:

- <http://www.homeloanmod.org>. Registered on December 30, 2010 to "CFLG."
- <http://www.theobamahamp.info>. Registered on January 21, 2011 to "CFLG."
- <http://www.theobamahamp.org>. Registered on January 21, 2011 to "CFLG."
- <http://www.theobamahamp.us>. Registered on January 21, 2011 to "CFLG."
- <http://www.obamahamp.us>. Registered on January 29, 2011 to "CFLG."
- <http://www.obamahamp.net>. Registered on January 29, 2011 to "CFLG."
- <http://www.homeaffordablemod.us>. Registered on January 29, 2011 to "CFLG."
- <http://www.affordablehousinglawcenter.com>: Registered on February 19, 2011 to "CFLG."
- <http://www.foreclosurelegaldefense.us>: Registered on February 19, 2011 to "CFLG."

136. Advertisement for "Networked" Law Firms: Consumer First also provided an advertisement to potential customers by email or other means. The advertisement compared the

modification services offered by a “networked law firm,” such as Consumer First, to the more limited services provided by non-profit organizations, “non-networked law firms,” and “modification companies.” A copy of the advertisement in the form that it was emailed to Plaintiff Michael Ellis is attached as Exhibit 33 to the Stillman Aff. The advertisement makes several misrepresentations about the services of Consumer First, including:

- Provides eligibility determinations and supports application for thirteen different kinds of modification programs, including both federal, state, and in-house modification programs;
- Provides “federally and state compliant services,” and that “modification companies” (presumably loan modification companies not associated with a lawyer) do not; and,
- Offers a variety of services in addition to loan modification services, including bankruptcy, foreclosure and foreclosure defense availability.

B. The “Sales Pitch”

137. Typically, consumers first made contact with Defendants by entering their contact and mortgage information into an online form on one of Defendants’ websites. That action triggered a phone call from a salesperson, who would then make a variety of promises to consumers in order to secure the sale of Defendants’ services.

138. As mentioned above, in the “sales pitch,” the salesperson usually began by describing the legal expertise of the attorney, convincing the homeowner that an attorney is specially qualified to provide loan modification services and would be more successful than a non-attorney or the homeowner himself or herself. These claims reinforced the consumer’s hopes, initially raised by viewing Defendants’ websites, that retaining a law firm would solve their mortgage problems. In many cases, the salesperson falsely guaranteed success, or claimed a ninety to one hundred percent success rate, coupled with a refund guarantee, in order to

persuade the homeowner that he or she had nothing to lose by spending several thousand dollars on Defendants' services.

139. The salesperson also often referred to several of the enrollment documents (described in more detail below) to demonstrate that Defendant Blackwell only accepted fees from consumers that would "qualify" for a particular loan modification program, most often HAMP. In some cases, the salesperson claimed that a consumer that passed the qualification process was certain to receive a modification, which made the promises of success and refund guarantees all the more believable to the consumer. The salesperson would also guarantee specific reductions in interest rate (often as low as 2%) and monthly payments, as quoted in the enrollment forms.

140. Additionally, salespeople sometimes advised consumers to stop making or to continue not to make their mortgage payments, claiming that doing so would show "hardship" that would enhance their chances of success in obtaining a modification, or that making payments while the modification was being "negotiated" was unnecessary. Consumers, including Plaintiffs, relied on this recommendation as legal advice from a law firm. Some have defaulted on their mortgages or lost their homes as a result.

C. Enrollment Documents

141. After the salesperson convinced a homeowner to hire the company based on a false and misleading sales pitch, Defendants provided the potential customer with their "enrollment documents," a set of eight to ten worksheets, forms, and requests for other financial documents. These enrollment documents served several purposes. The documents helped convince homeowners that the company was a legitimate law firm, providing legal services in connection with mortgage modification services. The documents also sought sensitive personal

and financial information from homeowners. Finally, the documents attempted to provide legal cover to Defendants for the many misrepresentations made in writing on their websites and orally by their sales representatives.

142. Defendant Blackwell was responsible for drafting and developing the enrollment documents at both United Solutions and Consumer First, and many of the documents are materially the same, save for the names of the companies. The documents described below were used by both businesses. Any differences between the two are noted and addressed separately.

143. The five most important of the enrollment documents were:

- “Eligibility Worksheet”
- “Loan Modification Proposal”
- “Agreement for Mortgage Assistance Relief Services”
- “Power of Attorney and Bank Authorization to Discuss Account and to Receive and Disclose Information”
- “Payment Authorization Form”

1. Eligibility Worksheet

144. The first document in the initial package that the Defendants sent to Plaintiffs and other customers was an “Eligibility Worksheet,” which had been filled out with information regarding the consumer’s mortgage, income and expenses, and included a basic analysis of financial status. The information had been collected by the Defendants over the telephone from the homeowner. Two representative examples of the Eligibility Worksheet are attached to the Stillman Aff. These Eligibility Worksheets were completed by Defendants and were sent to United Solutions Plaintiff Gagliostro (Ex. 28) and Consumer First Plaintiffs Randall and Judy Johns (Ex. 34).

145. This worksheet left the impression that the customer had been determined *by an attorney* to be eligible to receive a mortgage modification from her specific lender and based on

her personal financial information. It also created the appearance that Defendants would be providing legal advice in connection with any loan modification services offered. These representations were made in the header, which provided:

- **THIS WORKSHEET IS ATTORNEY-CLIENT PRIVILEGED AND ATTORNEY WORK-PRODUCT PROTECTED**
- **DO NOT DISCLOSE TO BANKS OR OTHER THIRD PARTIES**

146. As mentioned above, in connection with the salesperson's representations, this worksheet often convinced consumers that because they "qualified," they would definitely receive a modification.

2. Loan Modification Proposal

147. The consumer would also receive a "Loan Modification Proposal," which proposed the "Loan Modification Terms" for the consumer's "favorable decision." The document outlined the proposed terms of the loan with respect to principal balance, interest rate, and monthly payments, among other things. These terms were compared against "current" terms so as to highlight drastically reduced interest rates (often lowered to 2-3%) that consumers would supposedly receive on their loans if they retained Defendants' services. Two representative examples of the Loan Modification Proposal are attached to the Stillman Aff. These Loan Modification Proposals were completed by Defendants and were sent to United Solutions Plaintiff Gagliostro (Ex. 29) and Consumer First Plaintiffs Randall and Judy Johns (Ex. 35).

148. These calculations appeared to have been made on the basis of the personal and financial information provided by the victim in the initial intake process and reflected in the "Eligibility Worksheet."

149. The document created the impression that the Defendants had determined that the consumer was eligible to receive a loan modification from her specific lender, under the “proposed terms,” based on the personal and financial information she had provided.

3. Agreement for Mortgage Assistance Relief Services

150. Also included in the enrollment documents was an engagement letter for retaining the services of the purported “law firm” for Mortgage Assistance Relief Services (“MARS”) entitled; “Agreement for Mortgage Assistance Relief Services” (“Agreement”). The Agreement is a two-page document, consisting of sixteen different provisions in approximately seven-point font, and includes standard boiler-plate language in various instances. Two representative examples of the Agreement are attached to the Stillman Aff. These Agreements were completed by Defendants and were sent to United Solutions Plaintiff Gagliostro (Ex. 30) and Consumer First Plaintiffs Randall and Judy Johns (Ex. 36).

151. The Agreement required the payment of an up-front fee for loan modification services and represented to the customer that she was engaging the services of a law firm. At a minimum, the document conveyed to the customer that an attorney would be overseeing or supervising her application, and that an attorney would need to sign and approve the Agreement for it to be valid.

152. As initially represented by Defendants’ Internet advertisements and sales representatives, the Agreement provided that Defendants were prepared to provide legal advice and services with respect to the law of the customer’s home state. It further explained that with respect to certain issues, the applicable attorney ethics rules of the customer’s state would be followed. Notably, the Agreement failed to disclose that Defendant Blackwell is admitted to practice law only in Nevada, not in New York.

153. As first represented by the sales representative over the telephone, the Agreement reiterated that Defendants would not engage (or accept fees from) a customer unless they first determined that the individual was eligible for MARS based on the customer's personal financial information, as reflected in the "Eligibility Worksheet."

154. Notably, the Agreement also limited the scope of services offered to "mortgage assistance" and expressly excluded representation of clients in foreclosure defense or any other proceedings.

155. In provision fifteen, buried in small type on the second page of the document, the Agreement contradicted the refund guarantees often made by salespeople, which so successfully convinced the customer to retain Defendants' services in the first place. In provision six, the Agreement also disclaimed any liability for the advice often provided by salespeople that consumers should stop making their mortgage payments.

156. The Agreement did not repeat the false guarantees of success made by sales representatives (of up to one hundred percent), nor did it mention how long the loan modification process would take.

157. The most relevant provisions of the Agreement are excerpted. These provisions are taken from a United Solutions Agreement. The Agreement used by Consumer First is nearly identical to the one quoted.

This document . . . memorializes your engagement of United Solutions Law Firm with principal and affiliate offices in New York, Las Vegas and the several states to provide Mortgage Assistance Relief Services . . .

[. . .]

1. *ENGAGEMENT OF A LAW FIRM* – You have contacted United Solutions Law Firm . . . for Mortgage Assistance Relief Services ("MARS") related to the default or non-payment of your mortgage loan. You have requested that United

Solutions Law Firm analyze the information you have provided in the foregoing Eligibility Worksheet . . . and, if appropriate, engage your case for MARS.

2. . . . The terms “Mortgage Assistance Relief Services” and “MARS” in this Engagement mean the practice of law “on behalf of consumers to help them modify the terms of their loans or to avoid foreclosure on those loans,” but not “in connection with [representing litigants], preparing or filing documents in bankruptcy, court, or administrative proceedings.”

[. . .]

5. . . . This Engagement will not become effective until approved via e-mail and/or facsimile confirmation by a United Solutions Law Firm lawyer. Unless terminated sooner, this Engagement survives until all the services contemplated by it are completed in their entirety, or all attempts to complete said services are exhausted.

6. . . . You acknowledge that we have not advised you to postpone or stop making your mortgage or loan payments. . . .

[. . .]

9. *THIS IS AN ENGAGEMENT FOR MARS ONLY*

[. . .]

14. *NON-LAWYERS WILL BE INVOLVED UNDER SUPERVISION OF LAWYERS* – You agree that some aspects of MARS may be provided by paralegals, law clerks and/or legal assistants under the supervision of a lawyer licensed to practice in your state through written policies and procedures. . . . Only a United Solutions Law Firm lawyer and/or a United Solutions Law Firm-affiliate lawyer licensed to practice law in your state may negotiate legal fees.

15. *MATTER OUTCOME* -- You have the right to receive the benefit of our skilled representation, multi-disciplinary experience, best efforts and professional practices. . . . absent negligence or malfeasance on our part, we do not and cannot provide any representations, warranties, guarantees, refunds or returns of earned fees based on the outcome of any matter.

16. *FEES* -- You agree to pay United Solutions Law Firm and/or United Solutions Law Firm-affiliate lawyers licensed to practice law in your state a fee for MARS rendered on your behalf. This fee shall be payable in advance pursuant to 16 CFR Part 322 (2010) . . . All unearned fees shall be retained in an appropriate trust account pursuant to the local rules of attorney ethics in your state. [Id. (Emphasis added).]

4. Power of Attorney and Bank Authorization

158. Defendants also sent customers a form entitled “Power of Attorney and Bank Authorization to Discuss Account and to Receive and Disclose Information” (“Power of Attorney and Bank Authorization”), which asked for the customer’s name, address, and mortgage information. Two representative examples of the Power of Attorney and Bank Authorization are attached to the Stillman Aff. as Exhibits 31 and 37. These Power of Attorney and Bank Authorizations were completed by Defendants and were sent to United Solutions Plaintiff Gagliostro (Ex. 31) and Consumer First Plaintiffs Randall and Judy Johns (Ex. 37).

159. The document authorized United Solutions or Consumer First, the “managing attorney Anthony J Blackwell,” “designated paralegal/manager[s]” and the company’s “attorneys, managers, paralegals and legal assistants, as my Attorney-in-Fact” to communicate with the lenders on the customer’s behalf, to obtain any requested information related to the mortgage and to “[n]egotiate, settle, resolve, modify, restructure or arrange the terms and conditions” of the customer’s loans and mortgages (among other things).

160. The document further requested that the lender “direct all further telephone calls and correspondence to United Solutions Law Firm” (emphasis added).

161. This document created the impression that the services for which the clients had retained the Defendants included, among other things, the *negotiation* of the terms and conditions of the customers’ loans.

162. It also led customers to believe that they should cease all communication with their lenders and direct any further communications from their lender to Defendants. The document reinforced representations made by the salesperson that customers should not answer or return phone calls or any other correspondence from their lender.

5. Payment Authorization Form

163. In many instances, Defendants also sent customers a “Payment Authorization Form.” This form sought the homeowner’s consent to a payment amount, schedule, and method. The forms for United Solutions and Consumer First were slightly different, but in both cases the Defendants requested either up front payments of the entire fee, or a “payment schedule,” which included some payment made in advance of any services provided. Three representative examples of the Payment Authorization Form are attached to the Stillman Aff. as Exhibits 32, 38, and 39. These Payment Authorization Forms were completed by Defendants and were sent to United Solutions Plaintiff Gagliostro (Ex. 32) and Consumer First Plaintiffs Campbell (Ex. 38) and Andrea and Barry Niedelman (Ex. 39).

164. The Payment Authorization Form requested credit card or bank account information for direct deposits. Defendants have also accepted payment by cashier’s and personal checks and wire transfers directly into Defendants’ bank accounts.

6. Additional Documents

165. Defendants also sent homeowners several documents seeking financial information and approval of other terms and conditions. The forms included a “Monthly Income Worksheet,” “Monthly Expense Worksheet,” and a “Making Home Affordable Program Request for Modification and Affidavit,” which included a request for the customer to draft a hardship letter.

166. Among other things, these financial forms asked homeowners to provide sensitive information, including their Social Security numbers, their mortgage account numbers, and a full list of their creditors, lenders, and servicers.

SECTION IV: Facts Relating to Plaintiffs

Laura Squassoni

167. Ms. Squassoni works for the New York Fire Department. She has two mortgages on her Staten Island home, the first owned and serviced by Chase Bank, and the second owned and serviced by Citibank.

168. Ms. Squassoni and her former husband divorced in 2004. As part of a stipulation related to the divorce agreement, in 2007, Ms. Squassoni was required to buy her ex-husband out of their jointly owned home and to pay her daughter's high school tuition. In order to do that, she had to refinance her home at 5.75% and pay her husband a significant sum in cash. She also began to care for her father, who suffered from dementia and who recently passed away. As a result, Ms. Squassoni suffered serious financial hardship and she began to have difficulty paying her bills.

169. Ms. Squassoni first came into contact with United Solutions when she entered her name and phone number onto a website in March 2011. She received a phone call from a man who identified himself as "Darrell Higgins" and that she later came to understand was Darrell Keys ("Keys"). Keys offered to provide her with mortgage modification services for an up-front fee.

170. Keys explained that United Solutions could assist Ms. Squassoni in modifying the terms of her mortgage and lowering her monthly payments, reducing the interest rate on her mortgage by 1-1.5%. Keys also told her that she would "definitely" get a modification, that she qualified for HAMP, and that there was a money-back guarantee if she did not obtain a modification. He explained that it should only take six to eight weeks to achieve a modification.

171. Keys further told Ms. Squassoni that, while he was not an attorney, he worked for an attorney named Anthony Blackwell, an expert in the business who had been doing mortgage modifications for a very long time with a very high success rate. Keys explained that Blackwell “did a lot of vetting” and would not accept her application unless he was certain he could get her a mortgage modification. Based on Keys’ representations, Ms. Squassoni believed that if she hired the company, she would be retaining a lawyer to assist her in obtaining a mortgage modification.

172. In the first phone call, Keys asked Ms. Squassoni for certain financial information with respect to the value of her mortgages and her current income and expenses. She provided him with this information over the phone.

173. Ms. Squassoni was skeptical and did not agree to hire the company right away. She asked for references, and Keys provided her with contact information for two people he said were former customers, one of whom contacted Ms. Squassoni. She also researched the company on the Internet and asked Keys for explanations of some negative information that she saw. He told her that the negative posts were lies from a disgruntled former employee. Ms. Squassoni received phone calls from Keys every day, pressuring her to hire United Solutions. Each time, Keys made promises that the company could obtain a mortgage modification for her.

174. On March 30, 2011, Ms. Squassoni received an email from Keys asking her to call him so they could review a few of the documents he had sent, which she understood to be the company’s proposal for her loan modification.

175. Among the materials included in the March 30 email from Keys was the “Eligibility Worksheet.” The worksheet had been completed with the information Ms. Squassoni had provided to Keys regarding her first mortgage, her income, and her expenses.

176. Ms. Squassoni also received a “Loan Modification Proposal” form, which outlined the specific terms that United Solutions proposed to obtain for her on her first mortgage. Ms. Squassoni was not seeking any modification of her second mortgage. The form indicated that Ms. Squassoni’s interest rate would be reduced from 5.75% to 4.25%, and that her monthly payments would be reduced from \$2,696.00 to \$2,189.35.

177. Based on this document, the “Eligibility Worksheet,” and Keys’ representation that she qualified for HAMP, Ms. Squassoni understood that United Solutions had determined she was eligible to receive a HAMP loan modification from Chase Bank, according to the terms outlined in the “Loan Modification Proposal” form.

178. Ms. Squassoni also received a copy of the “Agreement for Mortgage Assistance Relief Services.” Based on this document, she understood that an attorney would be overseeing her loan modification application, and that United Solutions would provide legal services and expertise in connection with her application.

179. Despite Ms. Squassoni’s skepticism, Keys’ representations that she would “definitely” get a modification and the money-back guarantee convinced Ms. Squassoni to retain United Solutions. The enrollment documents, specifically the “Loan Modification Proposal” which matched the substance of Keys’ promises over the phone, helped convince Ms. Squassoni that United Solutions was a legitimate company.

180. On or about May 3, 2011, Ms. Squassoni signed the “Agreement for Mortgage Assistance Relief Services” and, as instructed, returned the document to United Solutions.

181. Ms. Squassoni also received a copy of the “Payment Authorization Form,” which requested payment in the amount of \$2,895.00.

182. Based on Keys' representations and the promises contained in the company's printed materials, Ms. Squassoni agreed to pay United Solutions. Accordingly, she wired \$2,895.00 to "United Legal Solutions Inc." as beneficiary, Account Number 8310883620, at Astoria Federal S/L Association, on April 8, 2011. She paid wire fees in the amount of \$18.75. Proof of this payment is attached to the Stillman Aff. as Exhibit 11.

183. On April 14, 2011, Ms. Squassoni received an email from a mitigator named Kimberlee Dworczyk ("Dworczyk") with additional forms from United Solutions, including a "Welcome Letter" dated April 14, 2011, a "Monthly Income Worksheet," a "Monthly Expense Worksheet," and a "Making Home Affordable Program Request for Modification and Affidavit." These documents requested sensitive personal and financial information, including Ms. Squassoni's Social Security number and a breakdown of her various debts and monthly expenses. The "Welcome Letter" further requested certain mortgage and financial records. Ms. Squassoni returned the forms and requested documents to United Solutions by fax on May 9, 2011.

184. Ms. Squassoni also received a copy of the "Power of Attorney and Bank Authorization" form. Based on this document, Ms. Squassoni understood that the attorney responsible for her application would be "Anthony J Blackwell," identified as the "managing attorney." Further, Ms. Squassoni also understood that United Solutions was instructing her to cease direct contact with her lenders, and that in the future her lenders should contact only United Solutions and not her directly.

185. Ms. Squassoni signed this document on May 3, 2011, and, as instructed, she returned the document to United Solutions by fax, to Dworczyk's attention.

186. In or around May 2011, Dworczyk, who is not a lawyer, became Ms. Squassoni's primary point of contact at United Solutions. From May 2011 through late June 2011, Dworczyk

requested additional information, which Ms. Squassoni provided, and sent Ms. Squassoni several updates via email. On or about May 5, Dworczyk informed Ms. Squassoni that she was working from home, and asked Ms. Squassoni to fax or email her documents instead of sending them in hard copy because United Solutions could be relocating in the next week.

187. On May 16, 2011, Ms. Squassoni received a letter from Chase Bank informing her that the power of attorney from United Solutions had not been approved because it was not notarized. Squassoni was unable to reach Dworczyk to ask her about the form, so eventually she asked Keys to call Dworczyk and ask Dworczyk to call Ms. Squassoni. When Dworczyk did get in touch with her, Ms. Squassoni informed Dworczyk of the letter by email on or about June 1, 2011. On June 3, Dworczyk informed Ms. Squassoni that her advice was to call Chase Bank and verbally authorize Dworczyk's "firm," United Solutions, and Dworczyk personally, to work on her behalf.

188. In June 2011, when Ms. Squassoni contacted Keys about getting in touch with Dworczyk, Keys told her that United Solutions had "shut down" and that he did not know what would happen with her modification application. Based on this information and the difficulty she had experienced trying to contact Dworczyk, Ms. Squassoni did not call Chase Bank to authorize United Solutions and Dworczyk to have power of attorney. See Exhibit 40 to the Stillman Aff.

189. On or around June 22, Ms. Squassoni emailed Dworczyk because her fax would not go through. Ms. Squassoni wrote, "Darrell (Keys) tells me the law firm has shut down. How does that effect [sic] my application?" In reply, Dworczyk explained that she had not been paid for about two weeks, and as a result had not been working. But she also said that even though United Solutions was closing down, Ms. Squassoni's modification application would be

unaffected because as long as Dworczyk continued to be paid, she would work on the file.

Dworczyk also informed her that she would likely be changing her email address soon but that she would keep Ms. Squassoni informed of all new contact information.

190. Ms. Squassoni has not been able to contact Dworczyk since June 22, 2011.

191. During this time, and through August 2011, when Ms. Squassoni could not reach Dworczyk, she would occasionally call Keys, who was reachable by cell phone. On or around August 4, Keys told Ms. Squassoni that Defendant Blackwell had stopped paying Keys and Dworczyk, and that United Solutions had gone out of business. He further explained that Defendant Blackwell had taken about eighty files with him when he left United Solutions, and that her file was one of those. He told her that Defendant Blackwell had a "new" company, Consumer First. Around that time, Ms. Squassoni found a telephone number for Consumer First on the Internet and called and left a message asking for a refund and the return of her personal information. Keys also gave her a phone number for Blackwell personally, but the voicemail box associated with that number was full. Later in August 2011, Ms. Squassoni contacted Keys again and asked for her money and her personal information back.

192. Ms. Squassoni does not believe that a loan modification application has been submitted to Chase Bank on her behalf. Her payment terms remain unchanged.

193. Ms. Squassoni's actual damages include \$2,913.75 paid to United Solutions (including wire fees).

194. United Solutions has not returned the various forms and documents Ms. Squassoni sent to United Solutions as part of the "Mortgage Assistance Relief Package" or in connection with the "Welcome Letter" and other requested documents. The company continues to hold sensitive personal and financial information without Ms. Squassoni's permission.

Frances Gagliostro

195. Ms. Gagliostro is 72 years old. She has two mortgages on her New Jersey home, the first owned and serviced by IndyMac, and the second was sold by IndyMac to GreenTree.

196. Ms. Gagliostro's home in New Jersey has been in her husband's family since 1928, and Ms. Gagliostro resided there from 2003 through January 2011. In or around 2007, Ms. Gagliostro began to encounter financial difficulty after Ms. Gagliostro's uncle, who had been helping make ends meet, passed away. Around that same time, family circumstances caused Ms. Gagliostro to adopt her granddaughter and to become the child's primary caregiver.

197. In January 2011, as a result of this change in circumstances, Ms. Gagliostro moved to Orlando, Florida in order to raise her granddaughter. She is employed as a seasonal photographer at Seaworld, and she uses her salary and her retirement pension to support both her adult daughter and her granddaughter.

198. Prior to her contact with United Solutions, Ms. Gagliostro was several months behind on her payments on her primary mortgage with IndyMac.

199. Ms. Gagliostro first came into contact with United Solutions when she received a phone call from "Darrell Higgins" (now known to be Keys) in or around the beginning February of 2011. Keys said he was calling from United Solutions Law Firm and offered to provide Ms. Gagliostro mortgage modification services for an up-front fee. Initially, Ms. Gagliostro had no desire to retain any loan modification services.

200. Keys described the services of United Solutions to Ms. Gagliostro. He said that United Solutions could reduce the interest rate on her first and second mortgages to 2%. He also claimed that United Solutions had a 99% success rate in obtaining loan modifications for its

clients. Ms. Gagliostro was encouraged by the proposed terms of the modification and the company's 99% success rate.

201. Keys also advised Ms. Gagliostro to continue missing her mortgage payments and to cease all contact with her lender. He told her that if anyone from her lender were to call, she should tell them that she had hired a law firm. He explained that missing her mortgage payments would increase her chances of obtaining a loan modification.

202. On this first phone call, Keys also asked Ms. Gagliostro for certain financial information with respect to the value of her mortgages and her current income and expenses. She provided him with this information over the phone.

203. On February 7, 2011, Ms. Gagliostro received United Solutions' "Mortgage Assistance Relief Package" from Keys by email. In the body of the message, Keys wrote, "Here's what you qualify for. We will call you tomorrow morning to set up payment arrangements."

204. Among the materials included in the "Mortgage Assistance Relief Package" was the company's "Eligibility Worksheet." The worksheet had been completed with the information Ms. Gagliostro had provided to Keys regarding her first and second mortgages, her income, and her expenses. Based upon this document and Keys' message that the materials in the package represented what she "qualif[ied] for," Ms. Gagliostro understood that United Solutions had determined she was eligible to receive a loan modification from IndyMac.

205. Ms. Gagliostro also received a "Loan Modification Proposal" form, which outlined the specific loan modification terms that United Solutions proposed to obtain on her first and second mortgages. The form incorrectly failed to propose a reduced interest rate on her primary mortgage, which she corrected by hand before sending it back to United Solutions.

Keys had told her that she could expect her primary mortgage to be reduced from her current rate of 6.75% to 2.000%. The form also indicated that the interest rate on her second mortgage would be reduced from 10.750% to 2.000%, and that her monthly payments would be reduced from \$323.00 to \$99.93.

206. Based upon this document and Keys' message that the materials in the package represented what she "qualif[ied] for," Ms. Gagliostro understood that United Solutions had determined that she was eligible to receive a loan modification from IndyMac, according to the terms outlined in the "Loan Modification Proposal" form.

207. Ms. Gagliostro also received a copy of the "Agreement for Mortgage Assistance Relief Services." Based upon this document, she understood that an attorney would be overseeing her loan modification application, and that United Solutions would provide legal services and expertise in connection with her application.

208. Ms. Gagliostro also received a copy of the company's "Power of Attorney and Bank Authorization" form, which listed "Anthony J Blackwell" as the "managing attorney." Ms. Gagliostro understood that United Solutions was instructing her by way of this form to cease direct contact with her lenders, and that in the future her lenders should contact only United Solutions and not her directly.

209. On February 10, 2011, as instructed by Keys, Ms. Gagliostro signed the "Eligibility Worksheet" under the "Client Verification" heading of that form; the hand-corrected "Loan Modification Proposal" form; the "Agreement for Mortgage Assistance Relief Services;" and the "Power of Attorney and Bank Authorization" form, and sent these documents to United Solutions by fax, attention to Keys.

210. Ms. Gagliostro also received a copy of United Solutions' "Payment Authorization Form," which requested payment in the amount of \$2,495.00. The document outlined a payment schedule, providing for a first payment in the amount of \$1,000.00 on February 17, 2011; a second payment in the amount of \$750.00 on March 3, 2011; and, a third and final payment in the amount of \$745.00 on March 17, 2011.

211. Based on Keys' representations and the promises contained in the company's printed materials, Ms. Gagliostro agreed to pay United Solutions the amount requested. She signed the "Payment Authorization Form" on February 10, 2011 and provided her personal bank account number, authorizing United Solutions to make direct debits from her account in accordance with the payment schedule. She returned the document to United Solutions by fax on February 10, 2011 along with the other documents she sent on that date.

212. United Solutions withdrew funds from Ms. Gagliostro's account in accordance with the payment schedule, withdrawing the first payment of \$1,000 on February 17, 2011.

213. On or about February 28, 2011, Ms. Gagliostro received an email from Dworczyk with additional forms from United Solutions, including a "Welcome Letter" dated February 25, 2011, a "Monthly Income Worksheet," a "Monthly Expense Worksheet," and a "Making Home Affordable Program Request for Modification and Affidavit." These documents requested sensitive personal and financial information, including Ms. Gagliostro's Social Security number and a breakdown of her various debts and monthly expenses. The "Welcome Letter" further requested certain mortgage and financial records. Ms. Gagliostro returned the forms and requested documents to United Solutions by fax on March 7, 2011, attention to Keys.

214. United Solutions made two more withdrawals from Ms. Gagliostro's account in March. On March 3, 2011 the company withdrew \$750 and on March 4, 2011 it withdrew \$745.

215. From the beginning of March 2011 through mid-April 2011, Dworczyk requested on several occasions that Ms. Gagliostro resend the same documents to United Solutions that she had sent previously, including the documents in the "Mortgage Assistance Relief Package" and the documents requested in and emailed along with the "Welcome Letter." As requested, Ms. Gagliostro re-sent various of these documents on up to three separate occasions through mid-April 2011, when Dworczyk finally acknowledged their receipt.

216. In or around March or April 2011, Dworczyk became Ms. Gagliostro's primary point of contact at United Solutions. From March or April 2011 through May or June 2011, Ms. Gagliostro called the offices of United Solutions on many occasions for an update on the status of her application, but she was unable to reach Dworczyk. In or around April 2011, Keys told her that Dworczyk was working from home. When Ms. Gagliostro reached Dworczyk, Dworczyk said that she had so many customers that she would only be available by email. Ms. Gagliostro subsequently attempted to request updates from Dworczyk by email, but she would wait for long periods of time for a response, and often never received one.

217. On occasion, through approximately April 2011, Dworczyk would request additional documents from Ms. Gagliostro, and Ms. Gagliostro would send those documents. In or around the end of April 2011, Dworczyk ceased responding to emails or phone calls, and Ms. Gagliostro has not been able to contact her since.

218. During this time, through June or July 2011, when Ms. Gagliostro could not reach Dworczyk, she would occasionally call Keys, who was reachable by cell phone. On one such occasion, Keys told her that Dworczyk was being paid by the owner of United Solutions to process the loan modification applications.

219. In or around early June 2011, Keys informed Ms. Gagliostro that United Solutions had “shut down.” Ms. Gagliostro explained to Keys that she was unable to reach Dworczyk, and Keys responded that because the company had closed, he did not know what would happen to Ms. Gagliostro’s application. Keys advised her to contact her lender directly regarding her application.

220. Keys also told Ms. Gagliostro that he had started working at a different law firm, but Ms. Gagliostro does not remember the name.

221. From February 2011 through May or June 2011, Ms. Gagliostro received various phone calls and letters from her lender, IndyMac, informing her that she was in default on her mortgage. In or around early July 2011, Ms. Gagliostro was informed by IndyMac that her loan modification application on her first mortgage was under review. Ms. Gagliostro does not know whether the application had been completed by Dworczyk, because Ms. Gagliostro had also submitted additional documents to her lender directly.

222. In the end of April 2011, Ms. Gagliostro spoke with a representative from GreenTree, the servicer of her second mortgage, and the representative informed her that GreenTree could not accept a loan modification application from her until after she received a modification on her first mortgage. The representative told her that she had wasted her money by hiring a third-party company to process her application, both because it would be impossible for the lender to process the application at that time, and because Ms. Gagliostro could submit an application on her own.

223. In or around August or September 2011, Ms. Gagliostro received a three-month trial loan modification offer from IndyMac on her first mortgage, with no guarantee that the modification would continue on those terms after the trial period. The terms of the offer were

much higher than the terms proposed by Keys and the printed materials provided by United Solutions. Ms. Gagliostro decided not to accept the modification offer because the terms would not help to improve her current financial situation.

224. Ms. Gagliostro has not received a modification offer on her second mortgage with GreenTree.

225. In or around the spring or summer of 2011, Ms. Gagliostro began receiving foreclosure notices regarding her primary mortgage held by IndyMac. IndyMac placed the foreclosure on hold when she was offered the trial modification, but Ms. Gagliostro believes that since she has not accepted the offer, the lender will proceed to foreclose on her home.

226. Ms. Gagliostro has not requested a refund from United Solutions because she is unable to reach Dworczyk or anyone at the company.

227. Ms. Gagliostro's actual damages include the \$2,495.00 paid to United Solutions. Her damages also include any consequential damages, including damage to her credit rating caused by missing mortgage payments.

228. United Solutions has not returned the various forms and documents Ms. Gagliostro sent to United Solutions as part of the "Mortgage Assistance Relief Package" or in connection with the "Welcome Letter" and other requested documents. The company continues to hold sensitive personal and financial information without Ms. Gagliostro's permission.

Scott Farley

229. Mr. Farley works as a freelance hairstylist, and his income fluctuates dramatically from month to month. He has one mortgage on his Brooklyn apartment that is owned and serviced by CitiMortgage. The mortgage contract includes an "acceleration clause," which

entitles the lender to accelerate full payment of the mortgage and repossess the property upon one or more defaults by the mortgagor.

230. In February 2011, Mr. Farley began to have extreme difficulty paying his bills each month. He began to research loan modification on the Internet and found a website for United Solutions through a Google search. Based on the website, he believed that United Solutions was part of a much bigger, nationwide company that specialized in loan modifications. The website, particularly the testimonials, gave him the impression that the company was stable and reputable, and that it was a law firm.

231. In February 2011, Mr. Farley called the phone number on the United Solutions website. At the time he called, he was current on his mortgage payments. He spoke with Defendant Day, who offered to provide him with mortgage modification services for a fee. Defendant Day told Mr. Farley that the loan modification process was sponsored by a government program. Defendant Day told Mr. Farley that he was very likely to get a loan modification based on his circumstances.

232. Defendant Day told Mr. Farley that he could stop making payments on his mortgage in order to show "hardship," which would help him obtain a modification. In reliance on this advice, from a company he thought specialized in loan modifications and from an employee of that company who had just told him he was likely to receive a loan modification, Mr. Farley stopped making his mortgage payments.

233. Defendant Day told Mr. Farley that United Solutions was a law firm, and that, while Dworczyk would be doing the paperwork for his modification, Mr. Farley's attorney would be handling his application and negotiating with Citibank on his behalf.

234. Mr. Farley agreed to pay United Solutions to help him obtain a loan modification. On February 24, 2011, he authorized a one-time withdrawal of \$997.50 from his checking account, payable to United Legal Solutions Inc. After he paid, Defendant Day told Mr. Farley that Dworczyk would be taking care of the rest of his modification.

235. In March 2011, Mr. Farley received a "Welcome Letter" dated March 4 that was signed by Dworczyk. The letter thanked him for "choosing United Solutions Law Firm for [his] modification needs" and enclosed several forms that requested sensitive personal and financial information, including Mr. Farley's Social Security number and information about his income and expenses. Those forms included a "Making Home Affordable Program Request for Modification and Affidavit" and a "Monthly Expense Worksheet." In addition, the "Welcome Letter" asked for certain mortgage and financial records. While Mr. Farley sent the company some of the requested information in April 2011, he was hesitant to send so much personal information without meeting anyone face-to-face.

236. On May 5, 2011, Mr. Farley visited the office of United Solutions at 3000 Hempstead Turnpike in Levittown because he was uncomfortable with sending so much money and personal information to an unfamiliar company, and speaking only over the phone about a process as important as keeping his home. When he visited the office, it was disorganized. In hindsight, Mr. Farley wishes he had turned around and left, and asked for his money back. Against his better judgment, he paid the balance of what he owed while he was in the office in the form of a physical check for \$997.50 made out to "United Solutions Law Firm." He also signed and returned the "Making Home Affordable Program Request for Modification and Affidavit."

237. Dworczyk occasionally contacted Mr. Farley during the first part of May, right after he paid the balance of his nearly \$2,000 payment to United Solutions. Soon thereafter, he didn't hear from the company for several weeks. In early July, Mr. Farley tried to reach the company at the phone number 888-505-3017, which had previously been how he contacted the company, and was unable to reach Dworczyk or anyone else. Instead, the phone number reached the voicemail box for a different company, the name of which was unfamiliar and which Mr. Farley does not recall. When he tried to email Dworczyk or Defendant Day, he received an error message. Mr. Farley's calls to Defendant Day's personal mobile phone went unanswered. The last contact Mr. Farley had with United Solutions was a telephone conversation with Dworczyk some time in June 2011.

238. Mr. Farley has not requested a refund from United Solutions because he is unable to reach anyone at the company.

239. After he was unable to reach United Solutions for some time, Mr. Farley reached out to CitiMortgage to try to get a modification by himself. His bank told him that there was no record of anyone contacting CitiMortgage on his behalf to apply for a modification. At that point, he had not made a mortgage payment since sometime in the spring of 2011 on Defendant Day's advice. On August 12, 2011, Mr. Farley received notice from CitiMortgage that the bank was denying his application for a HAMP modification because it could not create a payment plan that fit the requirements of the program based on his reported income.

240. On August 15, 2011, after hearing nothing from anyone associated with United Solutions for nearly two months, Mr. Farley received an email from Dworczyk that stated that it was "formal notice of [her] resignation as the Case Manager of the files from United Solutions Law Firm." She wished him "nothing but the best." Dworczyk stated that she was resigning

because Defendant Blackwell was not paying her sufficiently, and provided contact information for Defendant Blackwell at Consumer First's offices, as well as a personal mobile phone number.

241. Mr. Farley is now at least nine months behind on his mortgage payments and may lose his home, which is in foreclosure. He is trying to negotiate with CitiMortgage to stay in his home, but has also put his home up for sale.

242. Mr. Farley's actual damages include the \$1,995.00 paid to United Solutions. His damages also include consequential damages arising from the missed mortgage payments.

243. United Solutions has not returned the various forms and documents that Mr. Farley sent to the company in connection with the "Welcome Letter" and other requested documents. The company continues to hold sensitive personal and financial information without Mr. Farley's permission.

Cynthia and Bert Tabares

244. Cynthia and Bert Tabares ("the Tabareses") are citizens of the State of Florida, in which they own and reside in a house at 10211 Brandy Hills Court, Tampa, Florida 33615.

245. Mr. Tabares works as a production manager at a juice company, and Ms. Tabares cleans houses. They have one mortgage on their Tampa home with GMAC Mortgage, LLC ("GMAC").

246. After the Tabareses started to have difficulty making their mortgage payments, their mortgage lender encouraged them to go to the "Obama Fair Housing website." In or around January 2011, the Tabareses looked for that website using an Internet search. They entered their contact information on a website that they believed to be a web page affiliated with GMAC Mortgage, but which, upon information and belief, was actually a website owned or controlled by United Solutions.

247. Defendant Lyons called the Tabareses in January 2011 and offered to provide them with mortgage modification services for a fee. Defendant Lyons told the Tabareses that his law firm, "United Solutions Law Firm," would help them modify the terms of their mortgage. According to Defendant Lyons, one benefit of hiring their firm was that he would be available to them on a "24/7" basis. He said that the firm would "definitely" succeed in obtaining a mortgage modification for them, and that the firm could reduce the interest rate on their mortgage to 2-3% for the life of the loan, as well as reduce their monthly payments by several hundred dollars. He said the company could help modify the principal of the mortgage down to the value of the house, which had decreased in value to below the amount due on the mortgage. He explained that his job at the law firm was to gather preliminary information and to collect the up-front fee, and that afterward, their file would be handled by Dworczyk and an attorney. Based on Defendant Lyons' representations, the Tabareses believed that if they hired the company, they would be retaining an attorney to complete the mortgage modification application process for them.

248. Defendant Lyons also asked the Tabareses for certain financial information with respect to the value of their home and mortgage, current income, and bills and expenses. They provided this information over the telephone.

249. As they told Defendant Lyons, the Tabareses could not afford to make their monthly mortgage payment of approximately \$1,200 and also pay United Solutions. He advised them to stop paying their mortgage and to pay United Solutions instead.

250. The Tabareses agreed to hire the company based on Defendant Lyons' unequivocal certainty that the Tabareses would qualify for a mortgage modification which would save them hundreds of dollars a month, on Lyons' promise of "24/7" availability, and on the fact that the company was a law firm and an attorney would be working on their "case."

251. In reliance on Defendant Lyons' advice, the Tabareses stopped making their mortgage payments in order to afford the up-front fee. They paid United Solutions \$2,500 in three installments in late January and early February 2011.

252. In January 2011, the Tabareses received various United Solutions enrollment materials from Defendant Lyons. Included among these materials was an "Eligibility Worksheet." The worksheet had not been completed with any of the Tabareses' financial information, but Defendant Lyons had made an "X" next to the signature lines for both the borrower and co-borrower to sign.

253. The Tabareses also received an "Agreement for Mortgage Assistance Relief Services." Based on this document, they understood that an attorney and a law firm would be providing legal services and expertise in connection with their application.

254. The materials also included the "Power of Attorney and Bank Authorization" form. The form, which states that the borrower is appointing "United Solutions Law Firm, its managing attorney Anthony J. Blackwell" and other appointees as their attorneys-in-fact, further convinced the Tabareses that they were hiring a law firm.

255. Also among the materials sent by Defendant Lyons was a "Payment Authorization Form," which had not been completed with the Tabareses' names or the amount that was due, but again, Lyons had marked the signature lines with an "X" for signature. The Tabareses signed the "Agreement for Mortgage Assistance Relief Services," the "Eligibility Worksheet," the "Power of Attorney and Bank Authorization," and the "Payment Authorization Form," and returned those documents by fax on January 14, 2011.

256. At the end of January 2011, Attorney A called and spoke with Mr. Tabares. She said she would be the attorney handling their modification and encouraged Mr. Tabares to call her if he had any questions.

257. In a "Welcome Letter" dated February 1, Dworczyk thanked the Tabareses for "choosing United Solutions Law Firm." The letter sought personal and sensitive financial information, which the Tabareses provided to United Solutions by fax over the course of February 2011. Those documents included the "Monthly Income Worksheet," a "Monthly Expense Worksheet," and a "Making Home Affordable Program Request for Modification and Affidavit."

258. Shortly after the Tabareses paid the balance of the \$2,500.00 fee and sent in all of the requested sensitive financial information, their "24/7" access to the employees of United Solutions came to an end. In March 2011, they began to have difficulty reaching Dworczyk or anyone else at the company. They had to send faxes multiple times and repeatedly ask for confirmation that they had been received.

259. On one such occasion, Mr. Tabares faxed to United Solutions a notice of default that he received from his lender, as well as an ominous notice that "An independent property inspector visited your property today for Bank Name: GMAC Mortgage, LLC." The cover sheet from Mr. Tabares to United Solutions said "PLEASE CALL ME WHEN YOU GET THIS" and asked "Why did they send me this???" To my understanding "all" documentation has been sen[t] to your firm. Please advise." See Ex. 41 to the Stillman Aff. After Mr. Tabares called and emailed to follow up, Dworczyk finally replied more than a week later, and told him she hadn't received or had lost the faxes. Some of the documents that Mr. Tabares had received from his lender were forms that GMAC had asked him to fill out and return. After Dworczyk finally

emailed back, Mr. Tabares replied that he planned to fill out the forms and return them to GMAC. Ten minutes later, Dworczyk wrote back “NO NO NO- do NOT do that... I’m calling you in a sec.” Dworczyk then convinced the Tabareses to let her submit the forms on their behalf. See Ex. 42 to the Stillman Aff.

260. After that occasion, Dworczyk became increasingly more difficult to reach, and the Tabareses grew increasingly nervous. They were three months behind on their mortgage payments because they followed the company’s advice to stop making payments. They called United Solutions on many occasions. They could not reach anyone, and the voicemail box was full. In April 2011, Ms. Tabares wrote Dworczyk a letter asking for any information on their application and expressing frustration that the company had charged them so much money just to cause them so much anxiety and to never pick up the phone. Ms. Tabares practically begged anyone from the firm to contact them.

261. After Ms. Tabares sent the letter and one or two others in a similar vein, Dworczyk finally called around the end of April or early May 2011. She was offended by Ms. Tabares’ letter and began arguing with Ms. Tabares. The phone call ended without Ms. Tabares learning any information about the Tabareses’ application. After that call, Ms. Tabares sent additional letters to United Solutions by registered mail, complaining about their lack of service, expressing frustration that a law firm would treat a client that way, and seeking a refund. The letters were returned unopened.

262. Ultimately the Tabareses negotiated with their lender on their own and have received a payment plan that will allow them to remain in their home.

263. The Tabareses' actual damages include the \$2,500.00 paid to United Solutions. Their damages also include any consequential damages, including those resulting from their three missed mortgage payments.

264. United Solutions has not returned the various forms and documents that the Tabareses sent to them as part of their modification application. The company continues to hold sensitive personal and financial information without the Tabareses' permission.

Sophia Burke

265. Sophia Burke owns and resides in a home in Brooklyn, New York at 221 Legion Street. She has one mortgage on her home, which is owned and serviced by Wells Fargo. The mortgage contract includes an "acceleration clause," which entitles the lender to accelerate full payment of the mortgage and repossess the property upon one or more defaults by the mortgagor.

266. Ms. Burke purchased her home and obtained her mortgage in 2007. Ms. Burke believes that because of the drop in housing prices, she now owes more on her mortgage than her home is worth.

267. Beginning in mid-2009, Ms. Burke saw her hours decline at work and started having difficulty making her mortgage payments. In 2009 and 2010, she was able to enter two trial periods for modifications before her lender ultimately denied her request for a permanent modification.

268. As Ms. Burke's efforts to obtain a modification on her own proved unsuccessful, she looked for assistance. Ms. Burke first encountered United Solutions through its website on or around January 20, 2011. She entered her phone number into a form on the website. Shortly thereafter, Ms. Burke received a call from Derrick Lafond, who identified himself as a representative of United Solutions Law Firm.

269. Defendant Lafond explained that United Solutions could assist Ms. Burke in modifying the terms of her mortgage, reducing her interest rate and monthly payment, and reducing the principal. Defendant LaFond assured Ms. Burke that United Solutions was certain to obtain a modification on her behalf. Defendant Lafond told Ms. Burke that the firm's attorneys "knew what the bank was looking for" in modification applications and could therefore guarantee that she would receive a modification of the terms and reduction of the principal of her mortgage.

270. Ms. Burke spoke with Defendant Lafond on a couple of occasions in late January and February 2011, and he consistently assured her that a mortgage modification was "guaranteed" because United Solutions knew how to work with her lender to obtain a modification. Although Ms. Burke was initially hesitant, Defendant Lafond assured her that United Solutions would be able to assist her.

271. Defendant Lafond sent Ms. Burke a United Solutions "Mortgage Assistance Relief Pacakge [sic]," which contained a "Homeowner Application Form," a "Homeowner Questionnaire," an "Agreement for Mortgage Assistance Relief Services," and an authorization for ACH debit from Ms. Burke's bank account. The package also included a "Monthly Expense Worksheet" and "Monthly Income Worksheet" on the letterhead of United Solutions Law Firm. In addition, the package contained a Making Homes Affordable certification and hardship affidavit. Ms. Burke signed the "Agreement for Mortgage Assistance Relief Services" on February 1, 2011 and returned it to United Solutions, along with several documents that she believed constituted her application for a mortgage modification.

272. Defendant Lafond told Ms. Burke that she would have to make an initial payment of \$2,500 for United Solutions to begin work on her mortgage modification application. Ms.

Burke initially refused because the amount was more than she could afford. Defendant Lafond then told Ms. Burke that she could pay \$1,500, to which she agreed, believing that United Solutions would help make her mortgage payments more affordable.

273. Convinced by Defendant Lafond's representations and the documents she had received that United Solutions would be able to help her modify her mortgage, Ms. Burke authorized United Solutions Law Firm to make deductions from her bank account. On the payment authorization form supplied by Defendant United Solutions, the section which should have been completed by United Solutions showing the maximum amount for the authorization had been left unchanged, so it reflected an amount of \$0.

274. Defendant United Solutions deducted \$1,500 from Ms. Burke's account on February 7, 2011. Two days later, however, Defendant Lafond contacted Ms. Burke and told her that she would need to pay an additional \$500 in order for United Solutions to begin work on her application. Though she was hesitant, Ms. Burke agreed, and on February 9, 2011, United Solutions debited an additional \$500 from Ms. Burke's account.

275. Ms. Burke had made her full mortgage payment in January after her lender denied her request for a permanent modification. She told Defendant Lafond this, and he informed her that paying her mortgage was no longer to her benefit or advantage because her mortgage payments were not being applied to the principal of her mortgage, only fees. Defendant Lafond advised her not to make any further mortgage payments. Based on this advice, Ms. Burke skipped seven months of mortgage payments, starting with February 2011.

276. In early February, Dworczyk became Ms. Burke's primary contact for her application. Ms. Burke contacted Dworczyk several times for an update on the status of her application. During one phone conversation, Ms. Burke asked if United Solutions had actually

been in contact at all with her lender. Dworczyk claimed that United Solutions had submitted Ms. Burke's paperwork to Wells Fargo.

277. In February, Defendant Lafond contacted Ms. Burke, again demanding that she make additional payments in order for United Solutions to continue working on her application. Believing that it was necessary, on February 28, 2011, she agreed to let United Solutions debit \$1,500 more from her bank account.

278. In early March, Ms. Burke grew increasingly concerned that she had paid United Solutions \$3,500, but had not been given any update on the status of her modification. Ms. Burke called the United Solutions office and spoke with Scott Schreiber. Schreiber assured Ms. Burke not to worry and that everything would work out.

279. During conversations with Defendant Lafond during March, Ms. Burke was told that she needed to pay an additional fee for United Solutions to continue working on her modification application. Although Ms. Burke was concerned about paying more money without any evidence of work being done on her application, Defendant Lafond persuaded her that it was in her interest to keep paying United Solutions. On April 15, 2011, \$750 was debited from Ms. Burke's bank account, of which \$720 went to United Solutions and \$30 went to the bank as a transfer fee.

280. Soon after the \$750 payment was deducted from her bank account, Defendant Lafond contacted Ms. Burke again to tell her that she would need to make even more payments. Ms. Burke refused, noting that United Solutions hadn't made any apparent progress on her modification application. Thereafter, Ms. Burke became unable to reach Defendant Lafond or any representative of United Solutions. Her last contact with Defendant Lafond was in early May.

281. Ms. Burke is not certain whether United Solutions took any action to assist her in obtaining a modification of her mortgage.

282. After hearing nothing from Defendant Lafond or anyone from United Solutions for many months, Ms. Burke received an email from Dworczyk on August 15, 2011 that stated that Dworczyk was resigning from United Solutions. It is the same email received by fellow Plaintiff Mr. Farley. The next day, Ms. Burke emailed Defendant Lafond to ask for a refund, but she never received a response.

283. After missing several months of mortgage payments, Ms. Burke was served with a foreclosure notice. She contacted Fannie Mae, and with the assistance of a Fannie Mae counselor, was able to avoid foreclosure on her home.

284. Ms. Burke's actual damages include \$4,250 paid to United Solutions, including wire fees, and any consequential damages.

285. United Solutions has not returned the various forms and documents Ms. Burke sent to United Solutions as part of the "Mortgage Assistance Relief Package" and other requested documents. The company continues to hold sensitive personal and financial information without Ms. Burke's permission.

Darlene Henson

286. Darlene Henson is a single mother in Carmel, New York. She lives with her two children. The children's father moved out of the house approximately ten years ago and has refused to pay child support since. Ms. Henson and her children rely exclusively on her modest salary as a home and office cleaner. She has one mortgage on her home and an equity line of credit drawn on her home, both owned by Wells Fargo. The mortgage contract includes an

“acceleration clause,” which entitles the lender to accelerate full payment of the mortgage and repossess the property upon one or more defaults by the mortgagor.

287. In approximately March 2009, Ms. Henson contacted her lender, Wells Fargo, about obtaining a loan modification. Her finances had been drained by a lengthy legal fight with her children’s father over support payments, and she hoped to negotiate lower monthly payments with her mortgage company. Although she had long prided herself on making regular mortgage payments, she had recently started to fall behind. In December 2009, Wells Fargo granted her a three-month trial modification; in March 2010, the bank ultimately denied her request for a permanent modification.

288. Ms. Henson’s financial situation worsened over the course of 2010. She feared losing her house. Desperate, she began searching the Internet for information about loan modification companies. A Google search brought her to the website of Consumer First Law Group, which Ms. Henson understood to be a law firm based in Nassau County, New York. The website allowed visitors to submit their contact information, which Ms. Henson did.

289. Several days later, Ms. Henson received a phone call from Defendant Quinn, who represented himself as an employee of Consumer First. Quinn offered to provide her with loan modification services for a fee. Defendant Quinn explained that Consumer First helped distressed homeowners modify their mortgages and reduce their monthly payments. Defendant Quinn claimed that he and his wife had recently undergone their own mortgage difficulties, but that they had successfully obtained a loan modification and saved themselves from foreclosure.

290. Ms. Henson was initially skeptical of Defendant Quinn, who she likened to a used car salesman. After their first conversation, she decided not to call him back, and continued searching for other ways to modify her mortgage.

291. A week passed and Ms. Henson was unable to find another solution. She felt stressed and vulnerable and, fearing that she may soon face foreclosure, reluctantly decided to call back Defendant Quinn.

292. Defendant Quinn told Ms. Henson that she had “nothing to worry about.” He explained that Consumer First was run by an attorney named Anthony Blackwell, and that the company would use his legal background and experience to help Ms. Henson. Defendant Quinn told Ms. Henson that “this will work” and that, as long as Consumer First was representing her, Wells Fargo could not foreclose on her home.

293. Defendant Quinn told Ms. Henson that Consumer First would represent her interests against her lender. Feeling overwhelmed by her financial situation and inability to secure a modification directly from her lender, Ms. Henson was comforted by Defendant Quinn’s claims that he and Consumer First would be on her side.

294. Defendant Quinn told Ms. Henson that Consumer First had a 100% success rate, and that Consumer First could obtain the same result for her. Ms. Henson’s reluctance was overcome by the persuasive assurances of success from Defendant Quinn.

295. Ms. Henson was ultimately convinced by Defendant Quinn’s confidence and his claims about the likelihood of success. She agreed to retain the company’s services for loan modification assistance. Defendant Quinn stated that the services would cost a one-time up-front fee of \$2,595.00.

296. Given her limited means, Ms. Henson did not believe that she could afford \$2,595.00. After speaking with Defendant Quinn, however, she concluded that the price was worth the “peace of mind” that she received from knowing that an attorney was fighting on her behalf. Given that she had tried and failed to obtain a loan modification on her own in the past,

she believed that the modification process was very difficult, and so she would not have paid the fee to someone who was not an attorney.

297. Defendant Quinn sent Ms. Henson a package of standard enrollment documents. The representation of Consumer First as a “Law Group” on the enrollment documents, along with inclusion of what Ms. Henson believed to be a legal contract, convinced her that Consumer First was a reputable company.

298. The enrollment documents included the “Eligibility Worksheet,” which had been filled in with the information that Ms. Henson had provided Defendant Quinn over the telephone. Based on this document, Ms. Henson understood that Consumer First had determined that she was eligible to receive a loan modification from her lender.

299. She also received a “Loan Modification Proposal” form, which laid out the specific loan modification terms that Consumer First proposed to obtain on her mortgage. The proposal showed that her interest rate would be lowered from 6.5% to 2.0%, and that her payments would decrease from \$2,125 to \$1,383.50. Based on this document and Defendant Quinn’s representations, Ms. Henson believed that Consumer First had determined she was eligible for a loan modification from her lender according to the terms outlined on the “Loan Modification Proposal” form.

300. Ms. Henson also received a copy of Consumer First’s “Agreement for Mortgage Assistance Relief Services.” Based on this document, she understood that an attorney—specifically, Anthony Blackwell—was responsible for her mortgage modification application and that Consumer First would lend its legal expertise in support of her application.

301. Ms. Henson signed the “Eligibility Worksheet,” “Agreement for Mortgage Assistance Relief Services” and the “Power of Attorney and Bank Authorization” on February 3, 2011 and, as instructed, sent the documents to Consumer First’s offices in Woodbury, New York.

302. Also on February 3, 2011 Ms. Henson wrote a personal check for \$2,595.00, payable to the order of “Consumer First Law Group” and sent it to Consumer First.

303. Shortly after Ms. Henson sent Consumer First her paperwork and her payment, she received a phone call from Defendant Blackwell. Defendant Blackwell introduced himself as the attorney who would be supervising her file. He explained that his paralegals would be preparing her documents for submission to the bank, and that she was welcome to call him personally if she had any questions. Defendant Blackwell stated that “we are here to assist and help you.” At no point in the conversation did Defendant Blackwell explain that he was not licensed to practice law in the state of New York.

304. After Ms. Henson sent her paperwork to Consumer First, Defendant Quinn instructed her not to contact her lender or respond to any communications by her lender, telling her that Consumer First would handle all communications with her lender.

305. Around this time, Defendant Quinn informed Ms. Henson that her file would be processed by Dawn West (“West”), who Defendant Quinn claimed was another employee of Consumer First.

306. In July, Ms. Henson contacted Wells Fargo for an update on the work performed by “her attorney at Consumer First.” A representative of Wells Fargo informed Ms. Henson that they had “had no contact with your attorney.”

307. Ms. Henson was surprised and upset to learn that Consumer First had failed to even contact her mortgage servicer about a loan modification. She tried calling Consumer First’s

offices and discovered that no one would pick up the phone at any extension. She felt abandoned by her attorney.

308. In the summer of 2011, Ms. Henson became concerned that nothing was being done on her file. She tried to contact Defendant Quinn, but could only reach his voicemail, which had a recorded message to the effect that he would be on vacation until August. Ms. Henson's last contact with West was on or around August 4. After August 4, Ms. Henson tried calling Consumer First multiple times, only to be directed to a full answering machine.

309. In late August, Ms. Henson eventually reached Defendant Quinn on his personal cell phone. He promised to reassign her file to another Consumer First representative, Beth Haldas ("Haldas"). Ms. Henson has not had any contact with Haldas, nor has she been able to reach anyone at Consumer First, since. Accordingly, she has been unable to seek a refund.

310. On August 12, 2011, Ms. Henson received a letter from Wells Fargo notifying her of a foreclosure hearing on October 12, 2011. At the hearing, she was granted a trial modification, which was extended in February 2012. Ms. Henson believes that if the trial modification is not extended again in March 2011, the foreclosure may go forward.

311. Ms. Henson's actual damages include the \$2,595.00 she paid to Consumer First. Her damages also include any consequential damages.

312. Consumer First has not returned the various forms and documents that Ms. Henson sent to Consumer First. The company continues to hold sensitive personal and financial information without the Ms. Henson's permission.

Kathie and David Crete

313. Kathie and David Crete ("the Cretes") have two mortgages on their Manchester, New Hampshire home, which are owned and serviced by Bank of America. They purchased

their home in 2006. In 2006, the Cretes received a five-year reduction of the interest rate on the second mortgage.

314. Ms. Crete has seen her hours reduced at work recently and has received far less income than in previous years as a result. In April 2011, the Cretes fell two months behind on their first mortgage and received a notice of default. The Cretes attempted to modify their mortgage directly with their lender. Bank of America told the Cretes that their income was too high to qualify for a modification, but put them on a repayment plan. In a letter dated May 13, 2011, Bank of America denied the Cretes' request for a loan modification.

315. The Cretes were still interested in obtaining a modification, so Ms. Crete conducted some research online. In or around April 2011, she came across Consumer First's website advertising loan modification services and provided her contact information on the online form. Ms. Crete believed, based on the website, that Consumer First was a good company, noting that its website appeared more professional than other firms claiming to offer the same service. Ms. Crete also believed that she was providing her contact information to a law firm, based on her impressions of Consumer First's website. Shortly thereafter, she received a phone call from Defendant Villani, who identified himself as an employee of Consumer First. Defendant Villani offered to provide her mortgage modification services for a fee.

316. Defendant Villani asked Ms. Crete for certain financial information with respect to the value of their mortgages and their current income and expenses. She provided him with this information over the phone. In this phone call, Defendant Villani told Ms. Crete that he was not sure if she qualified for HAMP and he would have to discuss her case with the company's attorneys.

317. Defendant Villani called Ms. Crete back the next day and told her that the attorneys had determined that the Cretes did qualify for a HAMP modification. Defendant Villani said that even though Bank of America had denied the Crete's application for a modification, the attorneys knew the ins and outs of the modification process and knew how to obtain a modification. He told her that hers was an "easy case," and because it would require minimal paperwork, the Cretes would only have to pay the minimum fee of \$2,595. He promised that he would help lower the interest rate on both mortgages and would reduce their payments by several hundred dollars a month. Defendant Villani represented that Consumer First had a success rate of approximately 95%. Defendant Villani assured Ms. Crete that if she did not obtain a modification, she would get her money back, less FedEx fees and the cost of the work that Consumer First had already completed on their behalf.

318. On or about May 24, 2011, Defendant Villani sent Ms. Crete a "Mortgage Assistance Relief Package." The professional appearance of these materials and the inclusion of an official HAMP application form helped to convince the Cretes that Consumer First was a legitimate business.

319. Among the materials included in the "Mortgage Assistance Relief Package" was Consumer First's "Eligibility Worksheet." The Worksheet had been filled in with the information that Ms. Crete gave Defendant Villani over the telephone regarding the Cretes' income, expenses, and mortgages.

320. Based on the "Eligibility Worksheet" and Defendant Villani's statement that the attorneys at Consumer First had determined that she and her husband qualified for the HAMP program, Ms. Crete understood that Consumer First had determined that she and her husband

were eligible to receive a HAMP modification from Bank of America. She understood this to be the legal opinion of the attorneys at Consumer First.

321. The Cretes signed this document and returned it to Consumer First on or before July 12, 2011, when Consumer First confirmed via email that the Cretes' file was complete.

322. Ms. Crete also received a "Loan Modification Proposal" form, which outlined the specific loan modification terms that Consumer First proposed to obtain on both of their mortgages. The proposal shows that the interest rate on the Cretes' first mortgage would be reduced from 7.25% to 4.25% and that monthly payments would be reduced from \$1,537.33 to \$1,166.35. With respect to the second mortgage, the proposal shows that the interest rate would be reduced from 5.5% to 2%, and the term of payment increased to 40 years. According to the proposal, monthly payments on the second mortgage would be reduced from \$301 to \$147.48 per month. Based on this document, the Cretes understood that Consumer First had determined that they qualified for a HAMP modification according to the terms of the proposal.

323. Ms. Crete also received a copy of Consumer First's "Agreement for Mortgage Assistance Relief Services." Based upon this document, she understood that an attorney would be overseeing their loan modification application, and that Consumer First would be providing legal services and expertise in support of her application.

324. The Cretes signed this document on or before July 12, 2011 and returned the form to Consumer First.

325. Based on Defendant Villani's representations and the promises contained in Consumer First's printed materials, the Cretes agreed to pay Consumer First. Ms. Crete paid with a personal check for \$2,595.00 made out to Consumer First Law Group and dated June 6, 2011. The memo line of the check says "For Loan Modification." This check was deposited

into an account for Consumer First Law Group, account no. 962140281. Proof of this payment is attached to the Stillman Aff. as Exhibit 12.

326. Ms. Crete also received a copy of Consumer First's "Power of Attorney and Bank Authorization" form. Based on this document, the Cretes understood that the attorney responsible for her application would be "Anthony J Blackwell," identified as the director of mitigation and managing attorney. Further, the Cretes understood that Consumer First was instructing them to cease direct contact with their lenders, and that in the future their lenders should contact only Consumer First, not them directly.

327. The Cretes signed this document on June 5, 2011, and returned it to Consumer First as directed.

328. In July 2011, Tanya Lugo ("Lugo") became Ms. Crete's primary contact at Consumer First. On or about July 14, Lugo contacted Ms. Crete by email and requested additional financial information, including paystubs, bank statements, and tax returns. On or about July 18, the Cretes provided Consumer First with all requested documents.

329. On or about July 18, 2011, the Cretes completed, signed, and returned to Consumer First the "Making Home Affordable Program Request for Modification and Affidavit," which included a hardship letter drafted by the Cretes. These documents requested sensitive personal and financial information, including the Cretes' Social Security numbers and detailed information regarding their various debts and expenses.

330. In or around August 2011, Ms. Crete asked Defendant Villani whether she should continue to pay her first and second mortgages. Defendant Villani told Ms. Crete that the company's lawyers advised that the Cretes should not skip payments on their first mortgage, because it was in a repayment plan. Defendant Villani then told her that although he was not

allowed to tell her one way or the other whether she should continue to pay her second mortgage, he said that, personally, he would not bother to pay the second mortgage anymore and that she shouldn't worry about paying it. Based on this advice, which the Cretes understood was coming from their law firm, they failed to make two months' worth of payments on their second mortgage. Prior to this, the Cretes were current on payment of their second mortgage.

331. Around August 15 or 20, Ms. Crete could no longer reach anyone at Consumer First by email or telephone.

332. The Cretes have not requested a refund from Consumer First because they are unable to reach anyone at the company.

333. Consumer First submitted a mortgage modification application on behalf of the Cretes, as confirmed to Ms. Crete by Bank of America. Bank of America has informed Ms. Crete that the Cretes do not qualify for the HAMP program. The Cretes are now working directly with Bank of America to try to keep their home. They are participating in a three-month trial modification program offered by Bank of America in which their monthly payments are higher than their former mortgage payments.

334. The Cretes' actual damages include the \$2,595.00 that they paid to Consumer First. Their damages also include any consequential damages, including the difference between the higher monthly payments they are making under the trial modification and their prior monthly payments and any damage to their credit score that resulted from missing two months of payments on their second mortgage.

335. Consumer First has not returned the various forms and documents Ms. Crete sent to Consumer First as part of the "Mortgage Assistance Relief Package" or other requested

documents. The company continues to hold sensitive personal and financial information without the Cretes' permission.

Judy and Randall Johns

336. Judy Johns and her husband Randall Johns ("the Johns") have one mortgage on a house they own in Melbourne, Florida, which they currently rent to tenants. They purchased the property in early 2007. The mortgage is currently held by Seterus.

337. In October 2009, Mr. Johns lost his job, cutting the Johns' income in half. As a result of the reduction in their income, Ms. Johns started looking for ways to reduce their expenses, including seeking a modification on the mortgage the Johns held on a house that they own and rent to a tenant in Melbourne, Florida. Ms. Johns attempted to obtain a mortgage modification from her lender, but was told that her mortgage did not qualify because she and her husband were renting out the house and did not live there.

338. Prior to retaining the services of Consumer First, the Johns were current with their mortgage payments.

339. On or about June 3, 2011, Ms. Johns found Consumer First on the Internet through the website www.theobamahamp.net. The website indicated that the company offered the mortgage modification services that Ms. Johns had not been able to obtain on her own. After reading this website, Ms. Johns also came across Consumer First's website at www.consumer1stlaw.com. Ms. Johns entered her contact and basic financial information on the site's online form. After submitting the information online, Ms. Johns was directed to a webpage indicating that an intake manager from "Consumer 1st Law Group" would contact her.

340. On the same day, Ms. Johns received a phone call from Defendant Lyons, who introduced himself as an employee of Consumer First. Defendant Lyons offered to provide loan modification services for a fee.

341. Defendant Lyons described Consumer First as a law firm, and told Ms. Johns that an attorney would be working on her application. Based on these statements and the company's website, Ms. Johns believed that if she engaged Consumer First, she would be retaining the services of a law firm. Defendant Lyons told Ms. Johns that it was important for her to have a lawyer working on her modification.

342. Defendant Lyons later quoted the fee for Consumer First's services as \$2,600.00, paid up front. He assured Ms. Johns that this fee would be fully refunded if the application was unsuccessful. He further described Consumer First's success rate as 100%, and that the company was providing a 100% guarantee of success. These representations reassured Ms. Johns and were central considerations in her decision to hire the company.

343. Defendant Lyons explained to Ms. Johns that the loan modification process would take from three to nine months.

344. On this first phone call, Defendant Lyons also asked Ms. Johns for certain financial information with respect to the value of her mortgages and her current income and expenses. She provided him with this basic information over the phone.

345. Either on this first phone call or a subsequent phone call in early June 2011, Ms. Johns explained to Defendant Lyons that she had an "upside-down mortgage" on the property, and that the property was valued at \$75,000, but that the principal on the mortgage was \$142,000. Defendant Lyons explained that he could reduce the interest rate on her mortgage to 2.25% for the first five years, and a fixed rate for the remainder of the loan for up to 3.50%, which

Defendant Lyons claimed was based on the appraised value of the property. The rate on the mortgage at the time was 6%. He also represented that Consumer First could obtain a mortgage modification that would cancel the principal balance above the value of the home. Defendant Lyons told Ms. Johns that the reduction in the principal of the loan was a part of the HAMP program.

346. In one of these phone conversations with Defendant Lyons, Ms. Johns also explained to him that the property in question was currently being rented to tenants and that she and her husband were not living there, and asked him whether that disqualified her from receiving a HAMP modification. Ms. Johns explained that her previous application for a mortgage modification under the HAMP program had been denied because the property was not the Johns' primary residence. In fact, the federal HAMP program requires that the property be the primary residence of its owner to qualify for a HAMP modification. Defendant Lyons told her not to worry and represented that Consumer First previously had obtained HAMP modifications for clients on properties that were being rented out to tenants.

347. On June 3, 2011, Ms. Johns received Consumer First's "Mortgage Assistance Relief Package" by email from Defendant Lyons. The professional and legitimate appearance of these materials helped convince Ms. Johns that Consumer First was a reputable business.

348. On June 8, 2011, after reviewing the documents from Consumer First, Ms. Johns emailed Defendant Lyons, requesting the names of the attorneys working at the law firm. On the same day, Defendant Lyons emailed back: "The number one leading attorney in our law firm is ANTHONY [sic] BLACKWELL ESQ." After checking the New York State Bar Association website, Ms. Johns discovered that, according to the website, Defendant Blackwell was not a member of the bar of the State of New York. She asked Defendant Lyons about this by email,

and he responded that the “managing attorney who administrates the firm and handles our network of local counsel is Anthony Blackwell, Nevada Bar #7604.” See Ex. 43 to the Stillman Aff.

349. On or around June 10, 2011, Ms. Johns spoke with Defendant Blackwell on the telephone. Ms. Johns expressed uncertainty about retaining the services of Consumer First, and Defendant Blackwell assured her of Consumer First’s capabilities.

350. Subsequent to speaking with Defendant Blackwell, Ms. Johns contacted the State Bar of Nevada to inquire about Defendant Blackwell’s credentials. Ms. Johns was informed that Defendant Blackwell was admitted to and in good standing with the State Bar of Nevada, and that there was no record of any complaints filed against him. Based on this investigation, Ms. Johns believed that Defendant Blackwell was qualified to provide legal services.

351. In early June 2011, upon reviewing the materials sent by Defendant Lyons, Ms. Johns observed that, contrary to Defendant Lyons’ representations, the “Agreement for Mortgage Assistance Relief Services” specified that the fee for Consumer First’s services was non-refundable. Ms. Johns asked Defendant Lyons about the terms in the agreement, and Defendant Lyons assured Ms. Johns that the fee was refundable if the company failed to obtain a mortgage modification, despite the terms contained in the agreement. Ms. Johns was persuaded by Defendant Lyons that, contrary to the terms of the written agreement, any fee she paid to Consumer First would be refundable.

352. On or about June 13, 2011, Ms. Johns returned the forms in the “Mortgage Assistance Relief Package” and the documents requested in the package to Consumer First by certified mail. In the mailing, Ms. Johns included a cover letter explaining that the requested documents and payment were enclosed, and writing that, “It is also my understanding that should

your firm be unsuccessful in your efforts, I would be refunded the total amount paid to your firm.” Ms. Johns included this specification based on Defendant Lyons’ representations that she was eligible for a HAMP modification, and that Consumer First would refund the fee if Ms. Johns did not obtain the modification.

353. Among the materials that the Johns received in the “Mortgage Assistance Relief Package” was Consumer First’s “Eligibility Worksheet.” The worksheet had been completed with the information that Ms. Johns had provided to Defendant Lyons regarding her and her husband’s mortgage, income and expenses. Based upon this document and Defendant Lyons’ representations, the Johns understood that Consumer First had determined that the couple was eligible to receive a HAMP modification from Seterus.

354. Ms. Johns and Mr. Johns each signed this document on June 13, 2011 under the “Client Verification” heading and returned it to Consumer First along with the other documents in the enrollment materials.

355. The Johns also received a “Loan Modification Proposal” form, which outlined the specific loan modification terms that Consumer First proposed to obtain on the couple’s mortgage. The form indicated that the interest rate would be reduced from 6.000% to 2.250%, and that the monthly mortgage payments would be reduced from \$1,208.85 to \$777.97.

356. Based upon this document, and Defendant Lyons’ representations, the Johns understood that Consumer First had determined that the couple was eligible to receive a HAMP loan modification from Seterus according to the terms outlined.

357. The Johns also received a copy of Consumer First’s “Agreement for Mortgage Assistance Relief Services.” Based upon this document and Defendant Lyons’ representations, they understood that an attorney, Defendant Blackwell in particular, would be overseeing their

loan modification application, and that Consumer First would be providing legal services and expertise in support of the application. By signing the document, they understood that they were hiring a law firm for legal services in connection with their mortgage modification application.

358. Ms. Johns and Mr. Johns each signed the document on June 13, 2011 and returned it to Consumer First along with the other documents in the enrollment materials.

359. Based on Defendant Lyons' representations and the promises contained in Consumer First's online and printed materials, the Johns agreed to pay Consumer First. Ms. Johns paid \$2,600.00 by personal check on June 13, 2011, and returned the check on that date.

360. The Johns also received a copy of Consumer First's "Power of Attorney and Bank Authorization" form. Based on this document and representations by Defendant Lyons, they understood that the attorney responsible for their application would be "Anthony J Blackwell," identified as the "managing attorney." Further, Ms. Johns also understood that Consumer First was instructing her to cease direct contact with her lender because Consumer First would assume responsibility for contacting her lender, and that in the future her lender should contact only Consumer First, and not her or her husband directly.

361. Ms. Johns and Mr. Johns each signed this document on June 13, 2011 and returned it to Consumer First, along with the other requested materials.

362. The "Mortgage Assistance Relief Package" also requested sensitive personal and financial information, including Social Security numbers and details regarding their various debts and monthly expenses. The package also requested certain mortgage, financial, and tax records. The Johns provided all of the requested documents to Consumer First on June 13, 2011.

363. Soon after the Johns returned the "Mortgage Assistance Relief Package" and requested documents to Consumer First, Ms. Johns began having difficulty reaching anyone at

the company. On July 1, 2011, Ms. Johns sent Defendant Lyons an email requesting that she be provided with regular updates as to the status of her application, and that she be copied on all correspondence or documents generated by the company with respect to her application.

364. Ms. Johns was able to reach Defendant Lyons on a limited number of occasions by phone and email in the time period between July 2011 and August 2011.

365. Ms. Johns never received any email updates from Defendant Lyons or Consumer First regarding the status of her application.

366. As time went on, it became increasingly difficult for Ms. Johns to reach anyone at the company. She would call the offices of Consumer First on many occasions, but could never reach anyone at the company. She was also unable to reach Defendant Lyons and lost contact with him for an extended period of time.

367. On or about July 25, 2011, Ms. Johns received a voicemail message from Nicole Cintron ("Cintron") requesting additional documents from her, but Ms. Johns could not understand everything that was said on the voicemail. She returned the phone call and left a message for Cintron and "Beth," who upon information and belief, was Beth Haldas, but neither person ever returned her call. Ms. Johns followed up with an email to Defendant Lyons, asking that he find out exactly which documents Consumer First needed from her so that she could provide them. She noted that she had called the office several times, but could never reach someone directly on the phone and was only able to leave voice messages. In the email, Ms. Johns also reiterated that she would like to be updated about the status of her application on a regular basis and copied on any related correspondence or documents.

368. Concerned that she had received a request for additional documents more than a month after she had retained Consumer First and that she was unable to reach anyone at the

company, Ms. Johns contacted her lender directly and discovered that, as of the end of July 2011, Consumer First had never contacted the lender. She continued to call Consumer First to follow up on the request, but could not reach anyone there.

369. In or around late July 2011 or early August 2011, Ms. Johns reached Defendant Lyons on his cell phone. Defendant Lyons explained that he no longer worked at Consumer First, and that he was suing the company for the commission he was owed from his work there. He explained to Ms. Johns that once he had confronted the company about the money he was owed, he realized that the entire operation was a fraud and that the company was entirely unsuccessful in obtaining loan modifications for its clients.

370. When Ms. Johns confronted Defendant Lyons about the 100% success rate that he had quoted for the company, Defendant Lyons explained that he did not have any personal knowledge as to the company's success rate. Instead, he said he was told by other individuals at the company that he should advertise to potential customers that Consumer First had a 100% success rate.

371. In this conversation, Defendant Lyons also explained to Ms. Johns that the two principals of Consumer First were Samuel and Defendant Blackwell.

372. On or about August 1, 2011, Ms. Johns sent a letter to Defendant Blackwell requesting a refund of her payment of \$2,600.00 because the company had not done any work on her application nearly two months after she retained their services, and because she could no longer reach anyone at the company to follow up on the application.

373. On or about August 1, 2011, Ms. Johns sent an identical letter to Samuel requesting a refund of her payment of \$2,600.00 for the same reasons.

374. On August 15, 2011, Ms. Johns filed a complaint with the New York District Attorney's office and the New York State Grievance Committee. On September 26, 2011, Ms. Johns received a letter from the New York State Grievance Committee stating that it was investigating Consumer First and the individuals associated with it. On October 11, 2011, Ms. Johns was copied on a letter from the New York State Grievance Committee to the State Bar of Nevada referring Ms. Johns to the State Bar of Nevada.

375. The Johns remain current on their mortgage payments and still own the Melbourne property.

376. Ms. and Mr. Johns' actual damages include the \$2,600.00 paid to Consumer First and all consequential damages.

377. Consumer First has not returned the various forms and documents Ms. Johns sent to the company as part of the "Mortgage Assistance Relief Package" or in connection with other requests. The company continues to hold sensitive personal and financial information without the Johns' permission.

Bonnie Scarborough

378. Ms. Scarborough, who works in human resources, has one mortgage on her Alaska home, which was owned and serviced by Ocwen Financial Corporation ("Ocwen").

379. In 2011, Ms. Scarborough was in the process of obtaining a divorce from her husband; the divorce was recently finalized. In February 2011, Ms. Scarborough's husband stopped paying the mortgage, unbeknownst to her. He destroyed mail from their mortgage lender to prevent Ms. Scarborough from learning that they were behind on their mortgage payments. When she discovered what had happened, she was already four or five months behind

on the mortgage. Ms. Scarborough received a Notice of Default and Election to Sell Under Deed of Trust from her lender on May 12, 2011. The Notice gave a sale date of August 18, 2011.

380. Ms. Scarborough immediately began to research foreclosure on the Internet. She found Consumer First through the Obama HAMP website, believed to be www.obamahamp.net. Based on the text of the website and the accompanying images, she believed that the company was a law firm that specialized in the HAMP program. She entered her contact information on the website.

381. In June 2011, Defendant Lapidés contacted Ms. Scarborough by telephone and offered to provide her with mortgage modification services for a fee. Defendant Lapidés told Ms. Scarborough that Consumer First would stop the foreclosure “no matter what.” He said that Consumer First would work with her lender to reduce her monthly payments and the principal amount that was owed because her house had declined in value. He pushed her to enter a contract with the company, and promised her that if the modification did not work, she would get her money back. He implied that it would only take a couple of weeks to modify her mortgage.

382. Defendant Lapidés told Ms. Scarborough that the company had attorneys on staff and that an attorney would be overseeing her application. Lapidés told Ms. Scarborough about some of his other cases and said that each case had an attorney working on it.

383. Ms. Scarborough explained to Defendant Lapidés that because she was in the process of getting a divorce, she wanted to modify her mortgage based solely on her own income. He understood that this was her intention and asked her for certain financial information with respect to the value of her mortgage, her expenses, and her income—not including her husband’s information. She provided him this information over the phone.

384. On or around June 20, Ms. Scarborough received a packet of documents called “Documents Required for Mortgage Modification Process” from Consumer First. Among the materials included in that packet was Consumer First’s “Eligibility Worksheet.” The worksheet had been completed with the information that Ms. Scarborough gave to Defendant Lapidés regarding her mortgage, expenses, and income. Based upon this document and Defendant Lapidés’ assurance that he understood her financial situation regarding her impending divorce, Ms. Scarborough understood that Consumer First had determined that she was eligible to receive a HAMP mortgage modification from Ocwen.

385. Ms. Scarborough signed this document on June 20, 2011 under the “Client Verification” heading, and, as instructed, returned the document to Consumer First.

386. Ms. Scarborough also received a “Loan Modification Proposal” form, which outlined the specific loan modification terms that Consumer First proposed to obtain on her mortgage. The form indicated that Ms. Scarborough’s interest rate would be reduced from 8.5% to 2.125%, and that her monthly payments would be reduced from \$3,460.00 to \$1,577.09. Based upon Defendant Lapidés’ assurance that he understood her financial situation regarding her impending divorce, the “Loan Modification Proposal” document, and the “Eligibility Worksheet,” Ms. Scarborough understood that Consumer First had determined that she was eligible to receive a HAMP loan modification from Ocwen according to the terms outlined in the “Loan Modification Proposal” document. These documents, specifically the letterhead and the fact that the substance of the proposal matched with the terms that Defendant Lapidés had discussed on the phone, caused Ms. Scarborough to believe that the company was legitimate.

387. Ms. Scarborough also received a copy of Consumer First’s “Agreement for Mortgage Assistance Relief Services.” Based on this document, she understood that an attorney

would be submitting her loan modification application, and that Consumer First would be providing legal services and expertise in support of her application.

388. Ms. Scarborough signed the Agreement on June 20, 2011 and returned the document to Consumer First with the other documents she signed on that date.

389. Ms. Scarborough also received a copy of Consumer First's "Payment Authorization Form," which requested payment in the amount of \$2,700.

390. Based on Defendant Lapides' representations and the promises contained in Consumer First's printed materials, Ms. Scarborough agreed to pay Consumer First. She signed the Payment Authorization Form on or around June 20, 2011. She returned the document to Consumer First with the other documents she signed on that date.

391. Consumer First withdrew \$1,000 from Ms. Scarborough's checking account on June 25, 2011, and withdrew a second payment of \$1,700 on July 9, 2011 in accordance with the Payment Authorization Form.

392. Ms. Scarborough also received a copy of Consumer First's "Power of Attorney and Bank Authorization" form. Based on this document, Ms. Scarborough understood that Consumer First was instructing her to cease direct contact with her lender, and that, in the future, her lender should contact only Consumer First, and not her directly.

393. Ms. Scarborough signed this document on June 20, 2011, and returned it to Consumer First with the other documents she signed on that date. Ms. Scarborough received confirmation from her lender that Consumer First submitted this form to the lender.

394. In June and July 2011, Ms. Scarborough received requests for documents from, and provided copies of the requested documents to, Cintron and Lynn Saudo ("Saudo"). In response to a request for proof of the alimony that Ms. Scarborough was receiving from her

husband, Ms. Scarborough explained in a July 20 email to Saudo that she had not yet received any alimony because her divorce was not final, and that the alimony figure in her paperwork was a “guesstimation on [Defendant Lapedes]’s part.” See Ex. 44 to the Stillman Aff.

395. On or around July 20, Ms. Scarborough received a letter from Saudo requesting additional documents. Ms. Scarborough provided the financial information and information regarding her divorce to Saudo by email on or about the same date.

396. Ms. Scarborough also received additional forms from Consumer First, including a “Making Home Affordable Program Request for Modification and Affidavit.” This document requested sensitive personal and financial information, including Ms. Scarborough’s Social Security number and the details of Ms. Scarborough’s various debts and monthly expenses. Ms. Scarborough returned the forms and requested documents to Consumer First on or around July 23, 2011. Based on guidance from Saudo in light of the fact that her ex-husband was a co-borrower on the mortgage, Ms. Scarborough had her ex-husband sign copies of their joint tax returns and the “Making Home Affordable Program Request for Modification and Affidavit” form.

397. Throughout her relationship with Consumer First, Ms. Scarborough had a difficult time contacting the company. The company insisted on sending her documents by FedEx instead of email, despite the delays caused by Ms. Scarborough’s remote location. In addition, no one at the company could get her phone number correct. Ms. Scarborough provided the correct telephone number numerous times, especially to Cintron, but the incorrect telephone number would appear on forms and would cause employees to blame Ms. Scarborough for being unreachable. She also had to fax copies of the same documents multiple times.

398. On or about August 2, Ms. Scarborough received an email from Saudo informing her that Ms. Scarborough's "only option" was to include Ms. Scarborough's husband's income in the application. In response, Ms. Scarborough stated that she was not trying to refinance with her ex-husband, because she would be unable to afford any house payments that took into account his income. She asked if the bank had denied her application. Around the same time, she called Consumer First and spoke with Saudo. Saudo explained that they had to add her ex-husband's income to "fool the bank," and that they either had to use her ex-husband's income to try to get a modification, or she'd have to file for bankruptcy. Saudo told Ms. Scarborough that if she wanted to sell her home in a short sale or file bankruptcy, Consumer First might be able to help her with that. Ms. Scarborough complained that Defendant Lapidès had offered her a proposal, and told her that she qualified for HAMP, based on her income alone. See Ex. 44 to the Stillman Aff.

399. On or about August 9, Ms. Scarborough emailed Saudo and Defendant Lapidès to request a refund based on Consumer First's inability to stop her foreclosure (as Defendant Lapidès had promised her the company would do, "no matter what"), or to offer her a modification based only on her income, as had been provided in the proposal created by Consumer First. In reply, Saudo stated that she would forward the request to "the attorney" because she did not handle refunds. See Ex. 44 to the Stillman Aff.

400. Ms. Scarborough has been unable to reach anyone at Consumer First since August 9, 2011.

401. Despite having submitted the power of attorney on behalf of Ms. Scarborough, no one from Consumer First ever contacted Ms. Scarborough's lender in connection with any mortgage modification application. Ms. Scarborough began to negotiate directly with her lender

and was able to postpone her foreclosure date twice. Unfortunately, Ocwen ultimately denied her application for a mortgage modification, and Ms. Scarborough's home was sold in a foreclosure sale on October 29. Ms. Scarborough has had to pay the costs of moving and renting an apartment.

402. If Ms. Scarborough had not been deceived by Consumer First's and Defendant Lapedes' lies, she would have begun to negotiate with her lender earlier and may have been able to reach an agreement with her lender that would have prevented the foreclosure.

403. Ms. Scarborough's actual damages include the \$2,700 paid to Consumer First. Her damages also include \$1,540 in costs associated with moving out of her home and other consequential damages.

404. Consumer First has not returned the various forms and documents Ms. Scarborough sent to Consumer First. The company continues to hold sensitive personal and financial information without Ms. Scarborough's permission.

James and Deborah Hegler

405. James Hegler and his wife Deborah Hegler ("the Heglers") have two mortgages on their Forest Lake, Minnesota home. The first is owned and serviced by Fifth Third Bank. The second is owned and serviced by GMAC.

406. Mr. Hegler lost his job as a fabricator/welder in March 2011 and now collects Social Security retirement benefits. Ms. Hegler is an outreach coordinator at a children's hospital. Due to Mr. Hegler losing his job and the resulting decrease in their income, it became very difficult for the Heglers to afford both of their mortgage payments. Paying both mortgages soon meant that there was nothing left over for their other expenses. In March or April 2011, Mr.

Hegler tried to negotiate a mortgage modification with his two lenders, but he did not qualify for any mortgage modification programs.

407. In around June 2011, the Heglers fell one month behind on their mortgage payments. Mr. Hegler started researching on the Internet and discovered the HAMP program. The first website he came across looked very legitimate to him because it had a picture of President Obama and provided information about the HAMP program. It was very professional looking and linked to many other websites that looked professional and legitimate, that offered modification services. Upon information and belief, the website was www.obamahamp.net. Thinking that it was a government-sponsored website, Mr. Hegler called the telephone number on the website.

408. Defendant Enciso, who identified himself as the “intake manager” for Consumer First, spoke with Mr. Hegler on the telephone and offered him mortgage modification services for a fee. He told Mr. Hegler that while the Heglers could apply for a modification on their own, it might take years and they might not receive any modification at all.

409. Defendant Enciso told Mr. Hegler that Consumer First would be able to bring the interest rate on his primary mortgage down to 2% and stretch out the payment period to 40 years, which would reduce his payments by \$400. He said that the company could eliminate the Heglers’ second mortgage entirely. Enciso represented that the process could take “up to” six months.

410. As part of the sales pitch, Defendant Enciso sent the Heglers documents that purported to be evidence of a successful modification on behalf of another client of Consumer First. This information helped convince the Heglers to hire Consumer First. The Heglers also looked for complaints against Consumer First by calling the Better Business Bureau and

checking its website, and were encouraged by the fact that, at that time, they found no complaints against the company.

411. Based on Defendant Enciso's representations, the Heglers understood that they would be hiring a law firm. Defendant Enciso represented that having a lawyer would speed up the modification process because the banks would be more likely to speak with a lawyer acting as the Heglers' representative than with the Heglers themselves. The Heglers specifically understood from Defendant Enciso's representations that they were hiring a lawyer to represent them in negotiating a mortgage modification.

412. Defendant Enciso also told Mr. Hegler that his payment to Consumer First would be placed in escrow in an account at Chase Bank; and, if the company was unable to obtain the promised modification, the Heglers would get their money back.

413. Defendant Enciso told Mr. Hegler not to make any mortgage payments, because the Heglers would be unable to qualify for a mortgage modification if they were not behind on their payments. Because the Heglers had been rebuffed by their lenders previously when they were current, this advice caused the Heglers to believe that Consumer First was experienced and knowledgeable.

414. Defendant Enciso also told Mr. Hegler not to answer any telephone calls from his mortgage lender. At that point, the Heglers' lenders were calling them multiple times per day. Defendant Enciso told Mr. Hegler that as soon as the Heglers paid Consumer First and sent in their paperwork, the calls from the lenders would stop immediately. This promise also helped convince the Heglers to hire Consumer First.

415. During the first telephone call, Defendant Enciso asked Mr. Hegler for specific financial information regarding their income, expenses, and mortgage payments. Mr. Hegler gave Defendant Enciso this information over the telephone.

416. In or around early July, Defendant Enciso sent the Heglers a "Mortgage Assistance Relief Package." Among the materials included in the "Mortgage Assistance Relief Package" was Consumer First's "Eligibility Worksheet." The worksheet had been filled in with the information that Mr. Hegler provided in the first telephone call regarding the Heglers' income, expenses, and mortgages. The Heglers signed this document under the "Client Verification" heading on July 5, 2011 and returned the document to Consumer First as instructed.

417. The Heglers also received a "Loan Modification Proposal" form, which laid out the specific loan modification terms that Consumer First proposed to obtain on their first and second mortgages. With respect to the first mortgage, the form indicated that the interest rate would be reduced from 6.00% to 2.25%, and that the monthly payments would be reduced from \$1490.00 to \$927.52, with payments over a 40-year term instead of a 30-year term. With respect to the second mortgage, the form indicated that the interest rate would be reduced from 10% to 2%, and the monthly payments would be reduced from \$480.00 to \$177.42.

418. Based on the "Loan Modification Proposal," the "Eligibility Worksheet," and the assurances made by Defendant Enciso, the Heglers understood that Consumer First had determined that they were eligible for a HAMP loan modification from both of their mortgage lenders according to the terms outlined in the "Loan Modification Proposal" form.

419. The Heglers also received a copy of Consumer First's "Agreement for Mortgage Assistance Relief Services." Based on this document, the Heglers understood that an attorney at Consumer First, their law firm, would be overseeing their loan modification application and that

Consumer First would be providing legal services and expertise in support of their application. This document helped convince the Heglers that Consumer First was a legitimate operation offering legal services to homeowners like them because it stated that they were hiring a law firm.

420. The Heglers signed the Agreement on July 5, 2011, and returned that document to Consumer First.

421. The Heglers also received a copy of Consumer First's "Power of Attorney and Bank Authorization" form. Based on this document, the Heglers understood that Consumer First was instructing them to cease direct contact with their lenders; and that, in the future, the lenders should contact only Consumer First.

422. The Heglers signed the "Power of Attorney and Bank Authorization" form on July 5, 2011, and returned it to Consumer First.

423. After sending the Heglers the enrollment documents, Defendant Enciso and another Consumer First employee, upon information and belief Defendant Volpe, began calling the Heglers twice a day to find out if the Heglers had wired their payment to Consumer First. Defendant Volpe told the Heglers that there was a deadline of one week to send in their payment, implying in vague terms that otherwise it would be too late to apply for a modification. In hindsight, it was just a high-pressure sales tactic to pressure the Heglers into paying the company quickly.

424. Despite these high-pressure tactics, the Heglers felt desperate and had not found any other way to save their home from foreclosure. Based on Defendant Enciso's representations and the promises contained in Consumer First's printed materials, the Heglers agreed to hire and pay Consumer First. On July 14, 2011, the Heglers made a wire transfer of \$2,600 to the account of "Consumer First Law Group," Account No. 906593389, at Chase Bank in New York. They

paid a \$20 wire fee. The same day, Consumer First issued the Heglers a "Receipt of Funds-Wire Transfer" showing that the Heglers paid in full. Proof of this payment is attached to the Stillman Aff. as Exhibit 13.

425. The Heglers could not afford the payment to Consumer First and their mortgage payments. Relying on Defendant Enciso's directive not to make any mortgage payments, and understanding that to be legal advice from their law firm, the Heglers used money that they otherwise would have paid toward their mortgages to pay Consumer First.

426. On August 2, 2011, the Heglers received notices of default on both of their mortgages.

427. In early August, Mr. Hegler contacted Consumer First and spoke with Defendant Volpe. Defendant Volpe told Mr. Hegler that his file was complete and that Consumer First would be sending him some additional paperwork. Defendant Volpe told Mr. Hegler that the company would not send him this paperwork if the Heglers were not eligible for a modification. After waiting one week, Mr. Hegler attempted to contact the company. The phone number was busy and he has been unable to reach anyone at Consumer First since that time.

428. The Heglers have attempted to make payments on their mortgage since receiving the notices of default, but, due to the default, the bank will not apply the payment to their mortgage. In or about September 2011, the Heglers received foreclosure notices for both mortgages. In early January 2012, the Heglers' home was sold at a foreclosure sale. If they cannot repurchase their home at the sale price, they will be forced to move.

429. The Heglers have not requested a refund because they have been unable to reach Defendant Enciso, Defendant Volpe, or anyone at the company.

430. The Heglers' actual damages include the \$2,620 payment to Consumer First (including wire fees) and the fees, costs, and other consequential damages resulting from their foreclosure.

431. Consumer First has not returned the various forms and documents that the Heglers sent the company as part of the "Mortgage Assistance Relief Package." The company continues to hold sensitive personal and financial information without the Heglers' permission.

Lorraine and Randy Boardwine

432. Randy Boardwine works for DHL Express, the international shipping company. Mr. Boardwine and his wife, Lorraine ("the Boardwines"), have a mortgage on their Pennsylvania home that is owned and serviced by IndyMac.

433. The Boardwines have two young children. A few years ago, the office where Mr. Boardwine worked closed down, and he was relocated to a new location in Maryland. Mr. Boardwine now commutes 2 hours to and from work every day. Mrs. Boardwine works in a local school cafeteria.

434. When Mr. Boardwine's job was relocated, his hours were cut back and the Boardwines fell behind on their mortgage. At that time, the Boardwines owed \$70,000 to \$80,000 more on the mortgage than the house was worth. The Boardwines were able to work with their lender to achieve a temporary modification of the mortgage that would last until 2015.

435. In approximately early June of 2011, Mrs. Boardwine used the Internet to research mortgage modifications. She was interested in achieving a permanent modification of their mortgage in order to avoid the increase in payments that would come due in 2015. Through a Google search, she arrived at a website that advertised itself as offering modifications through

the Obama HAMP program, believed to be www.obamahamp.net. On the website, Mrs. Boardwine input certain basic information about herself, her family's finances, and her mortgage.

436. Based on the website's appearance and name, Mrs. Boardwine believed that the site was associated with the federal government.

437. On June 13, 2011, Defendant Hutchinson emailed Mrs. Boardwine and asked to set up a time to speak about a mortgage modification for her. In the signature line of his email, Defendant Hutchinson represented himself as a "Senior Case Manager" for "Blackwell Law Group."

438. A few days later, Defendant Hutchinson spoke with Mrs. Boardwine on the telephone, and offered mortgage modification services through the HAMP program, for a fee. Defendant Hutchinson represented in this initial conversation that he worked as a senior case manager for Consumer First Law Group, which in turn worked with Blackwell Law Group.

439. During his initial conversation with Mrs. Boardwine, Defendant Hutchinson represented to Mrs. Boardwine that she could obtain a modification from IndyMac by the end of July with his assistance. He stated that he did not take on cases unless he was sure they would be successful and he was very confident in her case.

440. Defendant Hutchinson told Mrs. Boardwine that he would be able to secure a \$80,000 reduction in the principal balance of the mortgage as well as a 2% fixed interest rate for the remaining life of the loan.

441. Defendant Hutchinson stated that Blackwell Law Group and Consumer First would assist the Boardwines in obtaining a modification on their mortgage in exchange for a one-time up-front \$2,600 payment. Defendant Hutchinson also informed Mrs. Boardwine that he would be sending her an enrollment package of documents to get the process started.

442. Mrs. Boardwine wanted to investigate the company before committing so much money, so she requested information about Defendant Blackwell's law license. In response, on June 14, 2011, Defendant Hutchinson forwarded an email to Mrs. Boardwine with the subject line: "atty lic CHECK ATTORNEY NAME ON BAR IS ACTIVE AND IN GREAT STANDINGS ANTHONY BLACKWELL." In the email, Defendant Hutchinson included a link to a Nevada Bar "lawyer detail" page about Anthony Blackwell. The signature block in the email that Defendant Hutchinson forwarded stated "Guy Samuel, President, www.blackwellsattorneys.com." See Ex. 45 to the Stillman Aff.

443. When Mrs. Boardwine sought assurance that the company would be able to obtain a mortgage modification for her, Defendant Hutchinson replied:

Lorraine please stop worrying this is what we do please send me all docs and get funds together you are FINE this is Akeem working on your loan my loans DO NOT GET DECLINED I Take it personal!!!!!!

See Ex. 45 to the Stillman Aff.

444. By email, Defendant Hutchinson urged that Mrs. Boardwine should just "[s]end docs and payment and let me do my job." He further stated that "[y]ou will see after you are sending me ALL your friends to help them after I take care of you . . . thank me later!" Defendant Hutchinson again reassured Mrs. Boardwine via email on June 15, 2011, again promising Mrs. Boardwine that she was "not a sucker, trust me." See Ex. 45 to the Stillman Aff.

445. Mrs. Boardwine again emailed Defendant Hutchinson on June 17, 2011 with further questions. In particular, Mrs. Boardwine inquired whether Hutchinson worked for Consumer First Law Group in New York, given the "attorney's office that will be handling my modification would be Blackwells Attorneys listed in Nevada?" Furthermore, Mrs. Boardwine asked "who is Guy Samuel? It says the president. Is that the president of Consumer First Law

Group?” Boardwine explained that she was making these inquiries “to be sure I understand who’s doing what and where exactly my information is going.” See Ex. 45 to the Stillman Aff.

446. Defendant Hutchinson sent a reply email to Mrs. Boardwine’s email on June 17, 2011, attempting to explain the convoluted relationship between Consumer First and Blackwell’s Attorneys:

The attorney that will be handling your loan is Anthony Blackwell his license was obtained in Nevada that’s where he went to school he is in the office in NY he has a office inside our office, consumer first an Blackwell attorneys is the same firm one in state and one out of state under the same umbrella guy Samuels is the owner of the president

See Ex. 45 to the Stillman Aff.

447. In this same June 17 email, Defendant Hutchinson again aggressively pitched his abilities to Mrs. Boardwine, stating that “I only take on files I know will get done . . . that’s why my success rate is so high.” Defendant Hutchinson also warned Mrs. Boardwine that she did not want to be “a client [that] missed the train.” See Ex. 45 to the Stillman Aff.

448. Based on Defendant Hutchinson’s representations, Mrs. Boardwine completed the enrollment documents and faxed them back to Consumer First on June 30, 2011. Specifically, Mr. and Mrs. Boardwine signed the “Eligibility Worksheet,” which had been filled in with the personal and financial information that she provided to Defendant Hutchinson over the phone. Based on this document, the Boardwines believed that Consumer First had determined that they were eligible for a HAMP modification from their lender.

449. The Boardwines also received the “Loan Modification Proposal” form which reflected a fixed interest rate of 2%, and a reduction in monthly payments from \$1,331 to \$1,107. Based on this document and the representations made by Defendant Hutchinson and in the other

written materials from Consumer First, the Boardwines understood that Consumer First had determined that they were eligible for a modification on those terms from their lender.

450. Mr. and Mrs. Boardwine also signed and returned the “Agreement for Mortgage Assistance Relief Services.” Based on this document and Defendant Hutchinson’s representations, the Boardwines understood that Anthony Blackwell, an attorney, would be working on their mortgage modification application.

451. As part of the enrollment documents, the Boardwines also completed the “Making Home Affordable Program Request for Loan Modification and Affidavit” and provided the requested hardship letter.

452. Finally, the Boardwines signed and returned the “Power of Attorney and Bank Authorization” form. The form’s statement that Anthony Blackwell would be the “managing attorney” for their application helped convince the Boardwines that Consumer First was a legitimate company backed by an attorney, which made them more comfortable in deciding to hire the company. Further, the Boardwines also understood that Consumer First was instructing them to cease direct contact with their lenders, and that in the future the lenders should contact only Consumer First.

453. Based on Defendant Hutchinson’s repeated assurances and representations and all of the promises in Consumer First’s written materials, the Boardwines agreed to pay Consumer First. In order to pay the fee, the Boardwines used money from a loan they had already secured for another purpose in order to pay for Consumer First’s services, and also used money they would otherwise have used to pay their mortgage. The Boardwines would not have decided to go further into debt to pay Consumer First if not for the specific promises that Defendant Hutchinson had a high success rate and that Anthony Blackwell was an attorney in “great

standing.” On July 1, 2011, Mrs. Boardwine wired \$2,600 from her bank account to a JP Morgan Chase bank account, no. 893178640, belonging to the “Blackwell Law Group Trust.” Proof of this payment is attached to the Stillman Aff. as Exhibit 14.

454. The Boardwines used money to pay Consumer First that otherwise would have been used to pay their mortgage because they were persuaded by statements that Defendant Hutchinson made that it did not matter whether they paid their mortgage. The Boardwines could not afford to pay their mortgage and pay the full \$2,600 fee. Mrs. Boardwine emailed Defendant Hutchinson on June 15, 2011 to ask whether they should make their July mortgage payment “as long as we have paid our fee to you by the 27th of June.” Defendant Hutchinson responded the same day via email, stating “I told [sic] we are not allowed to tell you not to make a payment but you should know what you should do. . . .” In a later email, on June 23, 2011, after Mrs. Boardwine again expressed concerns about missing her July 1 mortgage payment, Defendant Hutchinson again stated “you will be FINE regarding the mortgage payment I told you already you definitely know the answer to that!” Defendant Hutchinson also told Mrs. Boardwine that the missed mortgage payment would not matter once Consumer First obtained the modification. The implication of these communications, despite Defendant Hutchinson’s recitation that he was not *supposed* to offer any guidance on the subject, was that the Boardwines should not pay their mortgage. Based upon this advice, the Boardwines paid the balance of Consumer First’s fee with money they would have normally used to pay their mortgage, withholding the remainder of the mortgage payment from the Bank. See Ex. 45 to the Stillman Aff.

455. In July, Mrs. Boardwine sent updated pay stubs to Defendant Hutchinson at Consumer First Law Group and inquired into the status of their application. Defendant Hutchinson told her that everything was “fine” and that her file was in the processing department.

456. On July 19, 2011, Mrs. Boardwine received a number of calls from IndyMac. In a July 20 email, Defendant Hutchinson advised Mrs. Boardwine to tell IndyMac “to contact your Attorney and that you are in process of getting a Modification as they know.” In a later email that same day, Defendant Hutchinson advised Mrs. Boardwine to tell IndyMac that Anthony Blackwell was serving as her attorney for the purposes of the modification. See Ex. 45 to the Stillman Aff.

457. Mrs. Boardwine, on July 19, 2011, again inquired with Defendant Hutchinson as to when he estimated the modification would be approved. Defendant Hutchinson replied via email that the modification would be complete “by 2nd week in aug latest.” See Ex. 45 to the Stillman Aff.

458. In late July, Defendant Hutchinson became entirely unreachable. Mrs. Boardwine attempted to call him and email him, but never received any response.

459. In early August of 2011, Mrs. Boardwine was able to get through to Consumer First employee Saudo by telephone. In an August 2, 2011 email, Saudo informed Mrs. Boardwine that she would need certain updated documents in order to submit her application to modify her mortgage. This was the first time that Mrs. Boardwine was informed that Consumer First still did not have all of her necessary documents and needed additional documents from her. Defendant Hutchinson had never informed Mrs. Boardwine that any documents remained missing, and had likewise informed her the modification would be complete by the second week of August at the latest. See Ex. 46 to the Stillman Aff.

460. In response to Saudo’s email, Mrs. Boardwine complained that she had sent every document that Consumer First had requested from her weeks prior, and had been told that her file was complete. She expressed that Defendant Hutchinson had promised that the modification

would be complete by mid-August, but now it looked like it would take longer, and that she hadn't even received a receipt for her payment yet. Mrs. Boardwine stated that they were not behind on their mortgage prior to speaking with the company, but based on Defendant Hutchinson's promises that the Boardwines would receive a 2% fixed interest rate and reduced principal, they had fallen behind. Based on her new understanding that the application had not even been submitted, and that she felt Defendant Hutchinson had been dishonest, Mrs. Boardwine said that she'd like her money back so that she could pay her mortgage bills. See Ex. 46 to the Stillman Aff.

461. In a reply email on August 4, 2011, Saudo apologized for any misinformation that Mrs. Boardwine received, but explained that she could not "promise or guarantee that it will be at 2% for life of loan." Of course, this was contrary to prior promises made by Defendant Hutchinson. The same day, Mrs. Boardwine faxed Saudo all of the documents she requested, including the "Making Home Affordable Program Request for Modification and Affidavit" form. See Ex. 46 to the Stillman Aff.

462. Mrs. Boardwine had her last contact with Consumer First on August 11, 2011. On that date, Saudo emailed Mrs. Boardwine to state that there would not be an initial decision on her modification application "for at least 2 weeks." She has not heard anything else from Saudo or anyone else at Consumer First since this date. See Ex. 46 to the Stillman Aff.

463. Mrs. Boardwine has not renewed her request for a refund because she has been unable to reach anyone at Consumer First. All of her emails to the company are bounced back and her phone calls are directed to a voicemail box that is full.

464. Because of much sacrifice and hardship, the Boardwines are now current on their mortgage payments. In order to achieve this, they have had to work overtime and have

accumulated high interest credit card bills to cover basic expenses. They also continue to pay down the loan that they took out in order to pay Consumer First's fee.

465. The Boardwines' actual damages include the \$2,600 payment to Consumer First. Their damages also include any consequential damages.

466. Consumer First has not returned the various forms and documents the Boardwines sent to Consumer First. The company continues to hold sensitive personal and financial information without the Boardwines' permission.

Michael and Tina Ellis

467. Michael and Tina Ellis ("the Ellises") have two mortgages on their Toms River, New Jersey home. The first is owned and serviced by Bank of America. The second is owned and serviced by Beneficial Financial.

468. Mr. Ellis is a full-time state corrections officer. For the last four years, he has additionally worked part-time driving tractor-trailers to support his family. The Ellises first fell behind on mortgage payments, by about one month, in January 2011. In March 2011, Mr. Ellis was let go from the part-time job because its business had slowed down substantially. Mr. Ellis was unable to work all summer due to a knee injury, which further prevented him from looking for a new part-time job. Ms. Ellis takes care of their child, who has special needs, at home. As a result of the changes in Mr. Ellis' employment, the Ellises have had incredible difficulty paying their bills, including their two mortgages. After March 2011, they began to fall further behind on their mortgage payments.

469. When they first fell behind, the Ellises contacted their lenders and tried to work out a modification or a way to get current. The lenders told the Ellises that they did not qualify for any modification programs and that there was nothing the lenders could do for them.

470. Prior to their contact with Consumer First, the Ellises were five months behind on their mortgage payments and had received a foreclosure notice. In June 2011, the lenders stopped accepting payments from the Ellises.

471. In June 2011, Mr. Ellis researched mortgage modification on the Internet, and found what he believed to be the official, federal website for the HAMP program. He entered his contact information on the website, which was www.obamahamp.net, a website controlled by Consumer First.

472. Defendant Gabriel Katz called Mr. Ellis a short time later. Defendant Gabriel Katz explained that Consumer First used the name of a single attorney (Anthony Blackwell), but that it had a pool of lawyers with whom it worked so that they could match each customer with a local attorney. Defendant Gabriel Katz explained that after Consumer First determined that he was eligible for a modification, Mr. Ellis would have a local attorney appointed to oversee his modification application. Defendant Gabriel Katz explained that the modification would take a couple of months at most, and that Consumer First obtained mortgage modifications for clients almost 100% of the time. Defendant Gabriel Katz told Mr. Ellis that the mere fact of retaining a lawyer would help him in the modification process.

473. In response to Mr. Ellis' question about a refund, Defendant Gabriel Katz told Mr. Ellis that if the company could not obtain a mortgage modification for him, he would get "most" of his money back, less a portion of what he paid to cover costs. He told Mr. Ellis: "we are not in the business to fail."

474. During the first telephone call, Defendant Gabriel Katz asked Mr. Ellis for specific financial information regarding the Ellises' income, expenses, and mortgage payments. Mr. Ellis gave Defendant Gabriel Katz this information over the telephone.

475. At first, Defendant Gabriel Katz emailed the Ellises to tell them that they did not qualify for HAMP but would qualify for an “in-house” modification. When Defendant Gabriel Katz was unable to answer some of Mr. Ellis’ specific questions about the formulas used to determine eligibility, Defendant Gabriel Katz referred the Ellises to Cintron, who told the Ellises that they did, in fact, qualify for HAMP.

476. In or around late June or July 2011, Defendant Gabriel Katz sent the Ellises a “Mortgage Assistance Relief Package” by email. Among the materials included in the “Mortgage Assistance Relief Package” was Consumer First’s “Eligibility Worksheet.” The worksheet had been filled in with the information that Mr. Ellis provided in the first telephone call regarding the Ellises’ income, expenses, and mortgages. The Ellises signed this document under the “Client Verification” heading and returned the document to Consumer First as instructed.

477. The Ellises also received a “Loan Modification Proposal” form, which laid out the specific loan modification terms that Consumer First proposed to obtain on their first and second mortgages. At first, Defendant Gabriel Katz sent the Ellises a proposal that included a thirty-year payment term. This contradicted what Mr. Ellis and Defendant Gabriel Katz had discussed over the telephone, which was a forty-year payment term. Mr. Ellis contacted Defendant Gabriel Katz and pointed out the discrepancy. At that point, Defendant Gabriel Katz sent a new proposal reflecting a forty-year repayment term.

478. With respect to the first mortgage, the form indicated that the interest rate would be reduced from 5.30% to 4.00%, and that the monthly payments would be reduced from \$2,400.00 to \$1,993.73, with payments over a 40-year term instead of a 30-year term. With

respect to the second mortgage, the form indicated that the interest rate would be reduced from 13.00% to 2.00%, and the monthly payments would be reduced from \$865.00 to \$242.26.

479. Based on the "Loan Modification Proposal," the "Eligibility Worksheet," and the assurances made by Defendant Gabriel Katz and Cintron, the Ellises understood that Consumer First had determined that they were eligible for a HAMP loan modification from both of their mortgage lenders according to the terms outlined in the "Loan Modification Proposal" form.

480. The Ellises also received a copy of Consumer First's "Agreement for Mortgage Assistance Relief Services." Based on this document, the Ellises understood that an attorney would be overseeing their loan modification application and that Consumer First would be providing legal services and expertise in support of their application.

481. The Ellises signed the "Agreement for Mortgage Assistance Relief Services" and returned it to Consumer First.

482. The Ellises also received a copy of Consumer First's "Power of Attorney and Bank Authorization" form. Based on this document, the Ellises understood that the attorney responsible for their application would be Anthony J. Blackwell, identified as "managing attorney" for Consumer First. Further, the Ellises also understood that Consumer First was instructing them to cease direct contact with their lenders, and that, in the future the lenders should contact only Consumer First.

483. The Ellises signed the "Power of Attorney and Bank Authorization" form and returned it to Consumer First.

484. Based on Defendant Gabriel Katz's and Cintron's representations and the promises contained in Consumer First's printed materials, the Ellises agreed to hire and pay Consumer First. Mr. Ellis negotiated to pay \$1,000.00 and the remainder of the requested \$3,500

after confirmation that Consumer First had begun to work on his file. On July 12, the Ellises paid \$500 by an electronic withdrawal from their checking account to Consumer First Law Group; and followed with a second identical payment on July 14. Mr. Ellis did not agree to pay Consumer First the fee until after he spoke with Cintron who assured him that he qualified for a HAMP modification.

485. Around July 23 or 24, 2011, Mr. Ellis was no longer able to contact Consumer First. When he called, he was directed to a voicemail box that is full, so he could not leave a message. Since mid-August, emails to employees of Consumer First have failed to transmit.

486. The Ellises have not requested a refund because they have been unable to reach Defendant Gabriel Katz or anyone at the company.

487. Sometime in August 2011, Mr. Ellis contacted his bank, Bank of America, which confirmed that Consumer First had filed an application on his behalf. He was told the application was denied.

488. Around the same time, Mr. Ellis contacted Beneficial Mortgage, who said that no application was submitted by Consumer First.

489. The Ellises' house is currently in foreclosure.

490. The Ellises' actual damages include the \$1,000 payment to Consumer First. Their damages also include any consequential damages.

491. Consumer First has not returned the various forms and documents that the Ellises sent to Consumer First. The company continues to hold sensitive personal and financial information without the Ellises' permission.

Phillip and Shakirah Stanford

492. Phillip and Shakirah Stanford (“the Stanfords”) are citizens of the State of New Jersey. They own and reside in a home at 42 Livingston Avenue, Avenel, New Jersey, along with their two daughters, ages 3 and 8. The Stanfords hold one mortgage on their property, which is owned and serviced by Bank of America.

493. The Stanfords began having difficulty making their mortgage payments in the fall of 2010. In July 2010, Mr. Stanford lost his job as an account manager at Proctor and Gamble, increasing their distress. Mr. Stanford had heard about the HAMP program and decided to apply for a loan modification under the plan. He wanted to retain legal services for help with his loan modification because he believed that an attorney would have the expertise to help him obtain a loan modification.

494. In or around January 2011, Mr. Stanford found Consumer First on the Internet through the website www.theobamahamp.net. He recalls that the site advertised that it was “helping homes, helping America.” He observed that the website had a large photograph of President Obama on the homepage. The website gave Mr. Stanford the impression that it was run by a government agency. He does not recall seeing any language on the website that indicated that the website was not run by the government.

495. Mr. Stanford clicked on one of the many links for loan modification companies on the site, and was brought to one or more websites owned by Consumer First, believed to be www.consumer1stlaw.com and/or www.consumerfirstlawgroup.com. The website provided what appeared to be first-hand testimony from former clients of Consumer First recommending its services. Mr. Stanford recalls that in one such excerpt, a former client wrote that Consumer First had saved her home and that she would recommend the company “any day of the week.”

496. Shortly thereafter, in or around January 2011, Mr. Stanford received a phone call from Defendant Goldfaden, who introduced himself as an employee of Consumer First. Defendant Goldfaden offered to provide loan modification services for a fee. He described Consumer First as “one of the best firms” in assisting individuals to obtain a loan modification. He said that the company had a 90% success rate in reducing homeowners’ mortgage payments by \$700-800. Defendant Goldfaden told Mr. Stanford that his modification would take 2-3 months.

497. Defendant Goldfaden described Consumer First as a law firm and explained to Mr. Stanford that attorneys would be more successful in obtaining a loan modification than non-attorneys. He said that Defendant Blackwell, an attorney, would be working on Mr. Stanford’s application.

498. Defendant Goldfaden closed the conversation by stating: “I have your best interests in mind.”

499. At the time that Mr. Stanford spoke with Defendant Goldfaden, the Stanfords were several months behind on their mortgage payments. Mr. Stanford informed Defendant Goldfaden of this, and Defendant Goldfaden advised him not to make any additional mortgage payments. He explained that if Mr. Stanford made his payments, he would not be able to obtain a modification because the lender required that homeowners be in a distressed state to qualify for a modification.

500. Defendant Goldfaden further advised Mr. Stanford to cease all contact with his lender, and that the lender should only be in direct contact with Consumer First. If Mr. Stanford were contacted by the lender, Defendant Goldfaden advised that he tell the lender to contact Consumer First instead.

501. Based upon Defendant Goldfaden's initial sales pitch, Mr. Stanford was under the impression that if he retained the services of Consumer First, he would be virtually guaranteed a \$700-800 reduction in his monthly mortgage payments.

502. On this first phone call, Defendant Goldfaden also asked Mr. Stanford for certain financial information with respect to the value of the couple's mortgages and the family's current income and expenses. Mr. Stanford provided him with this basic information over the phone and by fax. Based upon this information, Defendant Goldfaden told Mr. Stanford that they qualified for a modification.

503. On January 27, 2011, Mr. Stanford received a "Mortgage Assistance Relief Package" from Defendant Goldfaden by email. These materials helped to convince him that Consumer First was a legitimate business.

504. Among the materials included in the "Mortgage Assistance Relief Package" was Consumer First's "Eligibility Worksheet." The worksheet had been completed with the information that Mr. Stanford had provided to Defendant Goldfaden regarding the Stanfords' mortgage, income and expenses. Based upon this document and Defendant Goldfaden's representations, Mr. Stanford understood that Consumer First had determined that he was eligible to receive a loan modification through Bank of America's loan modification program.

505. Mr. Stanford also received a "Loan Modification Proposal" form, which outlined the specific loan modification terms that Consumer First proposed to obtain on his mortgage. The form indicated that Mr. Stanford's interest rate would be reduced from 5.250% to 2.500% and that his monthly payments would be reduced from \$2,589.04 to \$1,946.17.

506. Based upon this document, and Defendant Goldfaden's representations, Mr. Stanford understood that Consumer First had determined that he was eligible to receive a loan modification according to the terms outlined.

507. Mr. Stanford also received a copy of Consumer First's "Agreement for Mortgage Assistance Relief Services." Based upon this document, Mr. Stanford understood that an attorney would be overseeing his loan modification application, and that Consumer First would be providing legal services and expertise in support of his application.

508. Mr. Stanford signed the "Agreement for Mortgage Assistance Relief Services" on or about February 8, 2011 and returned it to Consumer First as instructed. Based on Defendant Goldfaden's representations, Mr. Stanford understood that he was hiring Defendant Blackwell and Consumer First to act as his attorneys for the purpose of the modification.

509. Mr. Stanford also received a copy of Consumer First's "Payment Authorization Form," which requested payment in the amount of \$3,100.00. The document outlined a payment schedule, with a first payment in the amount of \$1,100.00.

510. Based on Defendant Goldfaden's representations and the promises contained in Consumer First's online and printed materials, Mr. Stanford agreed to pay Consumer First. He made the first payment in the amount of \$1,100.00 on February 8, 2011 by cashier's check. He made subsequent payments in varying amounts, from \$100 to \$250, over the course of the next few months, by depositing cash into the Chase bank account number for Consumer First provided to him by Defendant Goldfaden. The account's name was "Consumer First Law Group," with the account number of 906593389 and the routing number of 021000021. Mr. Stanford made the last payment in or around June or July 2011. Mr. Stanford's combined payments amounted to the full \$3,100.00 requested by Consumer First.

511. Mr. Stanford also received a copy of Consumer First's "Power of Attorney and Bank Authorization" form. Based on this document, Mr. Stanford understood that the attorney responsible for his application would be "Anthony J Blackwell," identified as the "managing attorney." Further, Mr. Stanford also understood that Consumer First was instructing him to cease direct contact with his lenders, and that, in the future, his lenders should contact only Consumer First and not him directly. This instruction matched Defendant Goldfaden's earlier instructions to avoid contact with his lender.

512. Mr. Stanford signed the "Power of Attorney and Bank Authorization" form on or about February 8, 2011 and returned it to Consumer First as instructed.

513. The "Mortgage Assistance Relief Package" also requested sensitive personal and financial information, including Mr. Stanford's Social Security number and a breakdown of his various debts and monthly expenses. The package also requested certain mortgage and financial records. Mr. Stanford provided these requested documents to Consumer First on February 8, 2011.

514. Later in February 2011, Consumer First requested more information from Mr. Stanford. In response to these requests, he completed and returned a hardship letter and other documents to Consumer First on February 15, 2011 by email. In response, Defendant Goldfaden wrote that he would "give it right to the attorney." Mr. Stanford was further assured by this statement that an attorney would be working directly on his application.

515. From around February 2011 through July 2011, Mr. Stanford was in contact with several employees of Consumer First, including Defendant Goldfaden, Cintron, and Dawn West ("West"). On June 1, 2011, Mr. Stanford received an email from Cintron, with an attached letter. The letter listed "Anthony J. Blackwell, Esq." as the "Managing Attorney" of Consumer First

Law Group, LLC. The letter, dated June 1, 2011, requested complete payment from Mr. Stanford for “our legal services for the purposes of assisting you in securing a loan modification.” The letter described that a failure to pay “may impede our efforts in completing the process and seeing this situation to what we anticipate will be a successful outcome.”

516. On June 27, 2011, Mr. Stanford received an email from Defendant Goldfaden informing him that his application was at his lender and was being processed. Defendant Goldfaden also informed him that Consumer First would have to put its services on hold because Mr. Stanford had not completed his payment, as requested. On July 13, 2011, Mr. Stanford received another email from Defendant Goldfaden informing him that his account had been suspended. In response to these communications, Mr. Stanford then paid the balance of the \$3,100.00 total fee.

517. Although Mr. Stanford completed payment of the full balance due to Consumer First in or around July 2011, he never received a receipt reflecting that he had done so.

518. On or around July 2011, Mr. Stanford spoke with a Bank of America representative, who informed him that Consumer First had only been in contact with the lender regarding Mr. Stanford’s application on one occasion, and only regarding the Bank Authorization that was sent to the lender, *not* any application for a mortgage modification.

519. Based on Consumer First’s failure to apply for a modification on his behalf, in or around July 2011, Mr. Stanford told Defendant Goldfaden that he would like a refund from Consumer First. Mr. Stanford did not receive one.

520. Also in July 2011, Mr. Stanford spoke with Defendant Goldfaden, who told Mr. Stanford that he would no longer be working for Consumer First. Mr. Stanford also attempted to reach West at the offices of Consumer First, but the recording on her voicemail reported that she

was no longer at the company. Mr. Stanford was unable to reach anyone at Consumer First after July.

521. Around the same time, Mr. Stanford informed his lender that Consumer First should no longer be authorized to contact the lender about a mortgage modification on his behalf. His lender later contacted him regarding a modification program for which he might qualify, and stated that it would send him an application package.

522. On or about September 9, 2011, Mr. Stanford received a phone call from “Juliana Builes” (“Builes”) who claimed to be the new owner of Consumer First. She told him that she had bought the company from the previous owner, Defendant Blackwell, and that a new team of employees was working at the company. Builes informed Mr. Stanford that she was going to make sure that his modification application was appropriately taken care of, and asked him to call her once he received the application package from his lender. Mr. Stanford believed she was implying that he had received the application from the lender on the basis of work done by Consumer First, when he did not believe that to be the case.

523. Mr. Stanford asked Builes for a refund of the money that he had paid to Consumer First, but did not receive one.

524. An auto-generated email update that Mr. Stanford received from Consumer First on September 9, 2011, listed his “Agent” as “Aren and Consumer First Law Group.” The “Branch/AE” was listed as “Consumer First Law Group.” “Dawn West” was listed as the “Negotiator” and “Nicole Cintron” was listed as the “Processor.” The update fields included several updates made by Defendant Blackwell from February 2011 through March 2011, indicating that Defendant Blackwell had reviewed Mr. Stanford’s “intake documents and

financial data” and “approved matter for modification and processing,” and that initial sets of documents had been sent to the lender.

525. The Stanfords’ mortgage is currently in default. They are twelve months behind in their mortgage payments. Mr. Stanford is working directly with Bank of America to achieve a modification of his mortgage and avoid foreclosure.

526. The Stanfords’ actual damages include the \$3,100.00 paid to Consumer First. Their damages also include any consequential damages, such as late fees and accumulated interest on their mortgage.

527. Consumer First has not returned the various forms and documents the Stanfords sent to Consumer First. The company continues to hold sensitive personal and financial information without the Stanfords’ permission.

Carolyn Campbell

528. Carolyn Campbell owns and resides in a home in Windsor, Virginia at 16021 Bowling Green Road. She has one mortgage on her home, which is owned and serviced by Bank of America.

529. Ms. Campbell sought a way to reduce her mortgage payments in January 2011 after an illness limited her ability to work and as a result, her hours and wages were reduced. Ms. Campbell collects Social Security disability benefits, but still struggles to pay her monthly bills.

530. In May 2011, Ms. Campbell received a letter in the mail from “Consumer First Law Group” that advertised its services in obtaining home mortgage loan modifications. Because she was living on a fixed income and struggling to pay all of her bills, Ms. Campbell called Consumer First about obtaining a modification of her home mortgage.

531. Ms. Campbell first spoke with Defendant Bialik, who identified himself as an employee of Consumer First, approximately one week after the initial letter. Defendant Bialik assured Ms. Campbell that her application for a mortgage modification would be handled by Consumer First's attorneys. He told Ms. Campbell that if her case was accepted by Consumer First's attorneys, she was certain to receive a mortgage modification. He also told her that the process would take no more than a few weeks.

532. On June 1, 2011, Ms. Campbell received an email from Bialik presenting Consumer First's "proposal" for a mortgage modification. According to the proposal, Ms. Campbell's mortgage rate would be reduced from 5.00% to 2.00%, and her monthly payments would be reduced from \$1,351.00 to \$753.71.

533. During the months of June and July 2011, after her initial contact with Defendant Consumer First, Ms. Campbell was also contacted on several occasions by Defendant Villani.

534. Defendant Villani confirmed the representations made by Bialik, assuring Ms. Campbell that Consumer First would be able to obtain a modification from her mortgage lender.

535. Ms. Campbell was told that she would be represented by a Consumer First attorney throughout the process of applying for a mortgage modification. During one of her conversations she was promised a refund of any money she paid to Consumer First if the law firm was not able to obtain a modification of her mortgage.

536. At no point did Defendants Villani or Bialik inform Ms. Campbell that free counseling services are available from counselors approved by the Department of Housing and Urban Development.

537. Defendant Bialik sent Ms. Campbell a package of standard enrollment documents. Consumer First was represented as a "Law Group" on the enrollment documents. The

enrollment documents included the “Eligibility Worksheet,” which had been filled in with the information that Ms. Campbell had provided Defendant Bialik over the telephone. Based on this document and representations made by Defendants Bialik and Villani, Ms. Campbell understood that Consumer First had determined that she was eligible to receive a loan modification from her lender.

538. She also received a “Loan Modification Proposal” form, which laid out the specific loan modification terms that Consumer First proposed to obtain on her mortgage. The proposal showed that her interest rate would be lowered from 5.00% to 2.00%, and that her payments would decrease from \$1,351.00 to \$753.71. Based on this document and Defendants Villani and Bialik’s representations, Ms. Campbell believed that Consumer First had determined she was eligible for a loan modification from her lender according to the terms outlined on the “Loan Modification Proposal” form.

539. Ms. Campbell also received a copy of Consumer First’s “Agreement for Mortgage Assistance Relief Services.” Based on this document, she understood that an attorney from Consumer First was responsible for her mortgage modification application and that Consumer First would provide legal services and expertise in connection with her application.

540. Ms. Campbell also received the “Power of Attorney and Bank Authorization” form. Ms. Campbell understood this form to authorize Consumer First to negotiate with Bank of America, her mortgage lender. Based on this form and claims by Defendants Villani and Bialik, Ms. Campbell believed that Consumer First was handling all correspondence with her lender.

541. Ms. Campbell signed the “Eligibility Worksheet,” “Agreement for Mortgage Assistance Relief Services” and the “Power of Attorney and Bank Authorization” forms in early

June 2011 and, as instructed, sent the documents to Consumer First's offices in Woodbury, New York.

542. In early July, Defendant Villani told Ms. Campbell that she would be required to pay a \$1,000.00 deposit for Consumer First's lawyers to review her information. Defendant Villani told Ms. Campbell that this deposit was like a retainer fee.

543. On July 5, 2011, in reliance on the promises made to her by Defendants Bialik and Villani and the terms contained in the proposal, Ms. Campbell wrote a check to Consumer First for \$1,000.00.

544. Ms. Campbell explained her difficult financial circumstances to Defendant Villani and asked whether she should continue to make her monthly mortgage payments. Defendant Villani told Ms. Campbell that although he was not permitted to advise her not to make her mortgage payments, there would be no negative consequences to her if she did not make her payments. Defendant Villani additionally claimed that because Consumer First was applying for a mortgage modification on her behalf, her lender could not impose additional fees and there would be no harm to her credit score if Ms. Campbell did not make her mortgage payments.

545. Based on Defendant Villani's assurances, which Ms. Campbell understood to be advice to stop paying her mortgage, Ms. Campbell did not make her August 2011 mortgage payment.

546. On or around July 12, Defendant Villani called Ms. Campbell to request a payment of \$1,995.00. Ms. Campbell was told that this payment was necessary for Consumer First to continue working on her mortgage modification. Ms. Campbell informed Defendant Villani that she was not able to afford the payment; she reminded Defendant Villani that she was on a fixed income, and she told him that the only way she could make that payment was by

taking money from her retirement account. Defendant Villani told Ms. Campbell that she should take the money from her retirement account because the reduction in monthly mortgage payments that Consumer First was certain to obtain for her would more than make up for the expense.

547. On or around July 18, Ms. Campbell completed and sent to Defendant Villani a payment authorization form, providing her debit card number and authorizing Defendant Consumer First to deduct an additional \$1,995.00 from Ms. Campbell's bank account. On July 19, 2011, Consumer First withdrew that amount from Ms. Campbell's bank account.

548. After Consumer First had received this additional payment from Ms. Campbell, she had difficulty contacting anyone at the company. Ms. Campbell left frequent voicemail messages for Defendant Villani, but her phone calls were not returned.

549. In August 2011, Ms. Campbell was able to reach Defendant Bialik on his cell phone. Bialik informed Ms. Campbell that he no longer worked for Consumer First and that he left on poor terms, but agreed to contact Defendant Villani directly and ask about the status of Ms. Campbell's application. Ms. Campbell never heard back from either of Defendants Villani or Bialik.

550. Ms. Campbell has learned that Consumer First sent to Bank of America the Bank Authorization form she had signed, authorizing Bank of America to discuss her mortgage with Consumer First. Ms. Campbell also learned that Consumer First changed her contact information with Bank of America to Consumer First's mailing address and phone number. Ms. Campbell does not believe that Consumer First performed any other services.

551. In August, 2011, Ms. Campbell's calls to Consumer First's offices were sent directly to a voice mailbox that was full. Ms. Campbell has not been able to get in touch with anyone at Consumer First to request a refund.

552. Ms. Campbell's financial circumstances made it impossible for her to make up the mortgage payment that she missed. Out of necessity, she refinanced her mortgage to a higher interest rate, which is now also owned and serviced by Bank of America. The added expense completely depleted Ms. Campbell's personal savings.

553. Prior to her dealings with Consumer First, Ms. Campbell was current on her mortgage payments. As a result of her experience with Consumer First, Ms. Campbell did not make a mortgage payment, had to refinance her mortgage and is currently paying more per month on her mortgage.

554. Ms. Campbell's actual damages include the \$2,995.00 paid to Consumer First. Her damages also include any consequential damages, including the increased monthly payments on her new mortgage and a decrease in her credit score as a result of her missed mortgage payment.

555. Consumer First has not returned the various forms and documents Ms. Campbell sent to Consumer First. The company continues to hold sensitive personal and financial information without Mr. Campbell's permission.

Andrea and Barry Niedelman

556. Andrea and Barry Niedelman (the "Niedelmans") are citizens of the State of New York, in which they own and reside with their daughter in a home at 8 Gladys Drive, Spring Valley, NY 10977. The Niedelmans have a mortgage on their home from Beneficial HSBC. The mortgage contract includes an "acceleration clause," which entitles the lender to accelerate

full payment of the mortgage and repossess the property upon one or more defaults by the mortgagor.

557. Mr. Niedelman works as an electrician for the Industrial Brotherhood of Electrical Workers (IBEW). Because of a shortage of work, Mr. Niedelman has faced regular and long-lasting furlough and lay-off periods for the past several years. During 2011, Mr. Niedelman was furloughed from January to October. He began working again most recently in November 2011. Mrs. Niedelman is disabled and has been unable to work for the past 10 years. She stays home to care for their 10-year-old daughter, who suffers from Down syndrome.

558. In 2009, the Niedelmans' daughter fell into a coma while undergoing routine surgery for her tonsils. She remained in the coma for approximately one month. The Niedelmans' health insurance did not cover all of the medical costs and the Niedelmans were left with medical bills totaling approximately \$150,000. In December 2009, the Niedelmans filed for bankruptcy.

559. The combination of the employment and medical hardships caused severe financial strain. By early 2011, financial hardship caused the Niedelmans to fall behind on their mortgage payments. Desperate for help, Mrs. Niedelman turned to the internet to search for assistance applying for a loan modification. In February of 2011, she located a website which contained information about avoiding foreclosure believed to be www.consumer1stlaw.com or www.consumerfirstlawgroup.com. Mrs. Niedelman entered her personal information into the website. Shortly thereafter, she received a phone call from Defendant Tarazi who said that he worked for a law firm called Consumer First. At the time, the Niedelmans were between one and three months behind on their mortgage payments.

560. Defendant Tarazi told Mrs. Niedelman that Consumer First could help her. He told her that he worked with an attorney, Anthony Blackwell, who had experience obtaining mortgage modifications and stopping foreclosures. Defendant Tarazi told Mrs. Niedelman that based upon the information she provided on Consumer First's website and over the phone that she qualified for a mortgage modification. He told her that "with her daughter disabled, there was no way anyone would turn her away." He said that to retain their services, Mrs. Niedelman would have to send in an upfront fee of \$4,100.00.

561. Defendant Tarazi told Mrs. Niedelman that it was likely that she would receive a partial refund of the fee, because obtaining her modification should not require too much work. He told her that in the event that they failed to obtain a modification, she would get a full refund. Tarazi said that Consumer First had "years and years of experience" achieving modifications for homeowners.

562. Mrs. Niedelman did research on the internet to determine whether Consumer First was a legitimate law firm. At the time, she found no complaints on the internet and decided it was legitimate. She had worked with attorneys before and decided that it was safer to work with a law firm than another type of company.

563. Shortly after the first phone call, Defendant Tarazi sent Mrs. Niedelman a package of standard enrollment documents. The representation of Consumer First as a "Law Group" on the enrollment documents, along with inclusion of what Mrs. Niedelman believed to be a legal retainer agreement, convinced her that Consumer First was a reputable law firm.

564. The enrollment documents included the "Eligibility Worksheet," which had been filled in with the information that Mrs. Niedelman had provided Defendant Tarazi over the

telephone. Based on this document, Mrs. Niedelman understood that Consumer First had determined that she was eligible to receive a loan modification from her lender.

565. She also received a "Loan Modification Proposal" form, which laid out the specific loan modification terms that Consumer First proposed to obtain on her mortgage. The proposal showed that her interest rate would be lowered from 5.250% to 2.375%, and that her payments would decrease from \$2,560.01 to \$1,944.63. Based on this document and Defendant Tarazi's representations, Mrs. Niedelman believed that Consumer First had determined she was eligible for a loan modification from her lender according to the terms outlined on the "Loan Modification Proposal" form.

566. Mrs. Niedelman also received a copy of Consumer First's "Agreement for Mortgage Assistance Relief Services." Based on this document and Defendant Tarazi's representations, she understood that attorney Anthony Blackwell would be responsible for her mortgage modification application and that Consumer First would be providing legal services and expertise in connection with her application.

567. Mrs. Niedelman signed the "Eligibility Worksheet," "Agreement for Mortgage Assistance Relief Services and Power of Attorney and Bank Authorization" form and, as instructed, mailed the documents to Consumer First's offices in Woodbury, New York on February 22, 2011. Mrs. Niedelman also included a certified check for \$2,050.00, payable to the order of "Consumer First Law Group." Mrs. Niedelman sent another certified check for \$2,050.00 to Consumer First around March 22, 2011.

568. Shortly after Mrs. Niedelman sent Consumer First her paperwork and her payment, she received a phone call from Defendant Blackwell. Defendant Blackwell introduced himself as the attorney who would be supervising her file. When Mrs. Niedelman inquired about

his experience, Defendant Blackwell told her that over the course of his career he had obtained “hundreds” of modifications. Mrs. Niedelman told Defendant Blackwell that she was concerned that her house would be forced into foreclosure. Defendant Blackwell told her to send in the relevant documents and that he would take care of everything together. He also told her that he had experience saving homes from foreclosure and that in fact he had just saved homes the day before, on the same day of the foreclosure date.

569. Defendant Blackwell also told Mrs. Niedelman to cease contact with her lender as he was now representing her. He also told her to refrain from making any further payments on her mortgage. Mrs. Niedelman was about one month behind her mortgage at the time and took Defendant Blackwell’s advice and stopped making payments. Defendant Blackwell also told Mrs. Niedelman that “everything would be taken care of by the end of the year.” At no point in the conversation did Defendant Blackwell explain that he was not licensed to practice law in the state of New York.

570. Around this time, Defendant Tarazi informed Mrs. Niedelman that her file would be processed by Cintron.

571. Cintron emailed Mrs. Niedelman on March 17, 2011 and told her that Consumer First had been in contact with Mrs. Niedelman’s bank and that they were authorized to communicate with the bank on Mrs. Niedelman’s behalf. This was the last communication Mrs. Niedelman received from Cintron.

572. Over the course of the following months, Mrs. Niedelman emailed Defendant Tarazi and Cintron to inquire about the progress of her file. As time went on, she became increasingly concerned that she received no information from Consumer First or her mortgage company about the state of her mortgage.

573. All of her emails to Cintron went unanswered until sometime in late August when they were returned by the server because the email address no longer existed. Similarly, Cintron's phone number stopped working around the same time.

574. Mrs. Niedelman's last communication with Defendant Tarazi was on July 1, 2011. She emailed him explaining her frustration and demanding a refund: "[Y]es I am contacting you because no one else in your company gets back to me just like I was worried about. Multiple calls emails to Nicole (Cintron) never a call back or an email back. Why?? I am getting very upset and disgusted. A call needs to be returned or I want a full refund PERIOD!!!.... So sorry for the nastiness but I have had it." See Ex. 47 to the Stillman Aff.

575. Defendant Tarazi responded: "I will get you an answer ASAP." That was the last time Mrs. Niedelman heard from Defendant Tarazi.

576. Mr. and Mrs. Niedelman also placed calls to Defendant Blackwell and Samuel. Mr. Niedelman's calls to Blackwell went unanswered as did the messages he left him. Desperate to speak with anyone about the state of her mortgage, Mrs. Niedelman also called Samuel. Samuel told her to not contact him again because he no longer had anything to do with the company.

577. On August 28, 2011, in one of her last emails to Defendant Tarazi and the company, Mrs. Niedelman expressed her frustration with Consumer First's refusal to communicate with her: "Here I go again begging for someone to get back to me about my mortgage.... Please Please Please find out what is going on!!! I have emailed Nicole (Cintron) over and over again my husband has left messages for her and Anthony up teen [sic] times and as you can tell no one has gotten back to either of us. And you told me this company wasn't like this. Thank you again for your help." See Ex. 47 to the Stillman Aff.

578. On August 31, 2011 in a final desperate attempt to get in contact with someone, Mrs. Niedelman emailed Defendant Blackwell directly: "I have been trying to get a return call or email for months now and nothing. Are you still in business?? Your phone number is no longer working and I am now getting emails back when trying to reach Nicole. I really expect a call back asap." Defendant Blackwell did not respond. See Ex. 47 to the Stillman Aff.

579. Disillusioned of the idea that Consumer First was going to help her save her home, Mrs. Niedelman contacted her mortgage company directly. They told her that they had never received any paperwork or application from Consumer First nor had they ever heard of them. The mortgage company told her that Consumer First was never authorized to communicate with them on her behalf, as they never received a Power of Attorney form.

580. The Niedelmans are currently about ten months behind on their mortgage. Mrs. Niedelman has negotiated an agreement with their lender, HSBC, to avoid foreclosure in exchange for increased monthly payments.

581. Mr. and Mrs. Niedelman's actual damages include the \$4,100.00 that they paid to Consumer First. Her damages also include any consequential damages, including a decrease in their credit score as a result of their missed mortgage payment and an increase in their monthly mortgage payments.

582. Consumer First has not returned the various forms and documents Mr. and Mrs. Niedelman sent to Consumer first. The company continues to hold sensitive personal and financial information without their consent.

Levi Gales

583. Levi Gales is a citizen of the State of Maryland, in which he owns and resides at 102 Traverse Avenue, Hurlock, MD 21643. Mr. Gales has a mortgage on his home serviced by Litton Loan Services.

584. Mr. Gales works for the District of Columbia as a motor-vehicle operator. Mr. Gales began to face financial difficulty at the end of 2010.

585. In or around December 2010, Mr. Gales began to look for a company to assist him to modify his mortgage. He had already successfully modified his mortgage once and felt that he could benefit from another modification. The company that had assisted him with his first modification had gone out of business. At the time, Mr. Gales was approximately three months behind on his mortgage.

586. Mr. Gales came across the website "TheObamaHamp," believed to be www.obamahamp.net, which he understood to be affiliated with the federal government's loan modification program. Mr. Gales input his information into the website and received a phone call from Defendant Michael Katz sometime in January.

587. Mr. Gales had several conversations with Defendant Michael Katz over the telephone between January and March of 2011. During these conversations, Defendant Michael Katz represented that he worked for Consumer First Law Group and that Consumer First was "very familiar" with Mr. Gales' loan servicer.

588. Defendant Michael Katz told Mr. Gales that Consumer First was a new firm but that their attorney, Anthony Blackwell, had been doing loan modifications for five or six years. Defendant Michael Katz told Mr. Gales that "we do this everyday." He also assured Mr. Gales that Consumer First was registered with the Better Business Bureau.

589. Defendant Michael Katz told Mr. Gales that, based upon the information he provided over the internet and over the phone, he qualified for a mortgage modification. Defendant Michael Katz guaranteed that he would be able to reduce Mr. Gales' monthly payments from \$1,388.00 per month down to about \$1,200.00 per month. He said the process would take no longer than two or three months. Defendant Michael Katz told Mr. Gales that he should hire Consumer First because they "knew all the loopholes" in the mortgage modification process. Defendant Katz told Mr. Gales that he would need to pay \$3,000.00 upfront in order to retain Consumer First's services, but that there was a money-back guarantee if he did not receive a modification.

590. Defendant Michael Katz next sent Mr. Gales a package of standard enrollment documents. The enrollment documents included the "Eligibility Worksheet," which had been filled in with the information that Mr. Gales had provided to Defendant Michael Katz over the telephone. Based on this document, Mr. Gales understood that Consumer First had determined that he was eligible to receive a loan modification from her lender.

591. Mr. Gales also received a "Loan Modification Proposal" form, which laid out the specific loan modification terms that Consumer First proposed to obtain on his mortgage. The proposal showed that his interest rate would be lowered from 4.750% to 2.000%, and that his monthly mortgage payments would decrease from \$1,388.00 to \$1,003.24. Based on this document and Defendant Michael Katz's representations, Mr. Gales believed that Consumer First had determined he was eligible for a loan modification from his lender according to the terms outlined on the proposal form.

592. Mr. Gales also received a copy of Consumer First's "Agreement for Mortgage Assistance Relief Services." Based on this document and Defendant Michael Katz's

representations, he understood that he was retaining a law firm, which would apply its legal expertise in support of his mortgage modification application.

593. Mr. Gales signed the “Eligibility Worksheet,” “Agreement for Mortgage Assistance Relief Services” and “Power of Attorney and Bank Authorization” form and, as instructed, faxed the documents to Defendant Michael Katz at Consumer First’s offices in Woodbury, New York in March 2011. Mr. Gales also mailed a cashier’s check for \$3,000.00, payable to the order of “Consumer First Law Group.”

594. Shortly after Mr. Gales sent Consumer First his payment, he received a phone call from Defendant Blackwell. Defendant Blackwell introduced himself as the attorney who would be supervising his file. Defendant Blackwell told Mr. Gales that he had 10 to 15 years of experience and promised that he would obtain a modification for him. He indicated that the process would take about one to two months. Defendant Blackwell told Mr. Gales that he now represented him as his attorney and that Mr. Gales should cease contact with his lender and stop making his monthly mortgage payment until a modification was obtained. Defendant Blackwell told Gales that a mitigator, Cintron, would be in charge of processing Mr. Gales’ file but that he would oversee her work. Mr. Blackwell did not tell Mr. Gales that he was not licensed to practice law in New York or in Maryland.

595. On March 11, 2011, Mr. Gales took a bus from Maryland to Woodbury, New York in order to visit Consumer First’s offices and confirm that it was a legitimate operation. Mr. Gales met with Defendant Michael Katz and was satisfied that Consumer First was a reputable company.

596. After his return trip to Maryland, Mr. Gales was unable to get in contact with anyone at Consumer First again. Within a week, Defendant Michael Katz’s office and cell

phones had been disconnected. Cintron did not contact Mr. Gales as Defendant Blackwell indicated that she would. And Mr. Gales' faxes to Cintron and Defendant Blackwell went unanswered.

597. On August 17, 2011, Mr. Gales sent the following message by fax to Nicole Cintron: "Please have Mr. Blackwell get in contact with me @ the # listed 2/299/8194. I have left several messages with no response. Please call to confirm receipt of fax." No one ever responded.

598. Mr. Gales became suspicious because he never received a letter from his lender confirming their contact with Consumer First. He then called his lender which reported that no one from Consumer First had been in contact with them.

599. Mr. Gales was then notified that his loan servicer, Litton, was being purchased by Ocwen and that his loan would be transferred. After Ocwen began servicing his loan, Mr. Gales began negotiating a modification with Ocwen. Mr. Gales is currently 11 months behind on his mortgage and is continuing to negotiate with Ocwen for a modification.

600. Mr. Gales' actual damages include the \$3,000.00 that he paid to Consumer First. His damages also include any consequential damages, including increased payments and a decreased credit score as a result of his missed mortgage payments.

601. Consumer First has not returned various forms and documents Mr. Gales sent to Consumer First. The company continues to hold sensitive personal and financial information without Mr. Gales' permission.

Heather Risch and Randall Witt

602. Heather Risch and Randall Witt are married and are citizens of the State of New Jersey, in which they own and reside at 303 Warren Street, Phillipsburg, New Jersey 08865. Mr. Witt has a mortgage on their home through Wells Fargo.

603. Both Ms. Risch and Mr. Witt are under-employed. Ms. Risch worked as a home-care giver but has been out of work for over two years. Mr. Witt was let go from his employer, a temporary employment agency, in September 2011. He currently works part-time as a cook for Cracker Barrel Restaurant.

604. In March or April of 2011, Ms. Risch began to consider modifying their mortgage. She saw a television advertisement that directed viewers to call a 1-800 number for assistance modifying their mortgage. After calling the number, she was directed to a website which she recalls to have been www.theObamaHamp.com.

605. Ms. Risch chose to input her information into the website because the reference to President Obama and the HAMP program led her to believe that it was officially affiliated with the federal government.

606. Shortly after entering her information into the website, on April 2, 2011, Ms. Risch received an email from Defendant Quinn, who described himself as a Senior Case Manager for "Consumer First Law Group." Defendant Quinn described Consumer First as "a leading national Law Firm that specializes in helping clients who are in default or imminent default on their mortgages."

607. After the introductory email, Ms. Risch spoke with Defendant Quinn over the telephone. Defendant Quinn requested certain information from Ms. Risch regarding her and her husband's financial and mortgage situation. Ms. Risch was originally skeptical but Defendant

Quinn assured her that Consumer First was a reputable law firm that had a “very close relationship” with Wells Fargo.

608. Defendant Quinn also told Ms. Risch that “a staff of reputable attorneys” would be working on her file. He stated that the attorneys were very good at what they did and that they had successfully negotiated many loan modifications.

609. Defendant Quinn also told Ms. Risch that based upon the information she had provided on the internet and over the telephone, she and her husband qualified for a loan modification under HAMP. Defendant Quinn said that their interest rate would drop from 7% to 4% and that their monthly payment would drop from \$1,389.00 to around \$1,100.00. He said that her modification would be “a sure thing” and suggested that after she and her husband achieved this modification, they could apply again in a year and further reduce their interest rate down to 2%. He said that this first modification would be complete within 120 days.

610. Defendant Quinn told Ms. Risch that retaining Consumer First would require an up-front payment of \$2695.00. Quinn said the retainer fee was necessary to cover the paperwork and legal costs.

611. At the time, Ms. Risch and Mr. Witt were current on the mortgage. Ms. Risch indicated to Defendant Quinn that her household’s finances were tight and it would be difficult to pay both the retainer fee and their monthly mortgage payment. Defendant Quinn responded: “Legally, I can’t tell you this, but a lot of people stop paying the mortgage because it can help you get a modification.” Mr. Witt and Ms. Risch were concerned about the consequences of not paying their mortgage, so they borrowed enough money to pay Consumer First and to continue making mortgage payments. They then sent a check for \$2,695.00 to Consumer First.

612. During the months of June and July, Ms. Risch became increasingly concerned that she had not heard of any progress from Consumer First or received any notification from her bank. In or around late July 2011, Ms. Risch called Defendant Quinn, who told Ms. Risch not to worry and that everything was going according to plan. Defendant Quinn advised Ms. Risch that Tanya Lugo (“Lugo”) would be taking over her file and that should she have any questions she should call Lugo directly.

613. During the month of August, Ms. Risch placed numerous unreturned phone calls to Lugo and Consumer First. Beginning in or around late August of 2011, Ms. Risch’s phone calls were directed to voicemail boxes that were full and not accepting further messages. Frustrated, Ms. Risch tried the phone number for Consumer First’s Las Vegas office but the phone appeared to be continuously busy or disconnected.

614. Desperate to know the status of their loan modification and whether she and her husband had been scammed, both Ms. Risch and Mr. Witt drove from New Jersey to Woodbury, New York to visit Consumer First’s offices. When they arrived, they saw that Consumer First’s offices had been closed.

615. After the trip, Ms. Risch and Mr. Witt contacted Wells Fargo to inquire whether a loan modification application was submitted on their behalf. Wells Fargo informed them that neither an application nor a power of attorney authorization form had been submitted by Consumer First on their behalf.

616. Ms. Risch and Mr. Witt fell behind on their mortgage around October 2011 when Mr. Witt lost his job. They are currently about four months behind on their mortgage.

617. Ms. Risch and Mr. Witt’s actual damages include the \$,2695.00 that they paid to Consumer First. Their damages also include any consequential damages.

618. Consumer First has not returned various forms and documents Ms. Risch and Mr. Witt sent to Consumer First. The company continues to hold sensitive personal and financial information without their permission.

FIRST CAUSE OF ACTION

Violation of N.Y. Gen. Bus. Law § 349 (the “Deceptive Practices Act”)

By All Plaintiffs against Defendant Blackwell.

By all United Solutions Plaintiffs against Defendants ULS Inc. and USLF; by Plaintiff Farley against Defendant Day; by Plaintiffs Tabares against Defendant Lyons; and by Plaintiff Burke against Defendant Lafond.

By all Consumer First Plaintiffs against Defendants CF Corp., CFLG, and Blackwell's Attorneys; by Plaintiff Henson against Defendant Quinn; by Plaintiffs Crete against Defendant Villani; by Plaintiffs Johns against Defendant Lyons; by Plaintiff Scarborough against Defendant Lapides; by Plaintiffs Hegler against Defendants Enciso and Volpe; by Plaintiffs Boardwine against Defendant Hutchinson; by Plaintiffs Ellis against Defendant Gabriel Katz; by Plaintiffs Stanford against Defendant Goldfaden; by Plaintiff Campbell against Defendants Bialik and Villani; by Plaintiffs Niedelman against Defendant Tarazi; by Plaintiff Gales against Defendant Michael Katz; and by Plaintiffs Risch and Witt against Defendant Quinn.

619. Plaintiffs repeat and re-allege each and every allegation contained above.

620. Defendants conducted a business or furnished a service as those terms are used in N.Y. Gen. Bus. Law § 349 (the “Deceptive Practices Act”).

621. Defendants knowingly and willfully violated the Deceptive Practices Act by engaging in acts and practices that were misleading in a material way, unfair, deceptive, and contrary to public policy and generally recognized standards of business.

622. These practices have included but are not limited to:

- a. Charging customers an upfront fee for mortgage modification services when this service is typically provided at little or no cost through HUD-approved housing counselors;
- b. Misrepresenting Defendants’ level of expertise in performing loan modification services;
- c. Misrepresenting to Plaintiffs the length of time it would typically take to obtain a loan modification;
- d. Encouraging Plaintiffs to stop paying their monthly mortgage payments and communicating with their lenders or servicers;
- e. Falsely promising Plaintiffs a refund if the loan modification did not succeed;
- f. Falsely promising that Defendants would engage in negotiations with the Plaintiffs’ mortgage lenders or servicers;
- g. Misrepresenting that Defendants would be readily available to address the Plaintiffs’ questions and concerns;
- h. Misrepresenting the progress of the loan modification application;

- i. Holding New York corporations out to the public as being entitled to practice law or to render legal services or advice; furnishing counsel; assuming, using, and advertising the terms “Law Firm” or “Law Group” to convey the impression that the corporations are entitled to furnish legal services or attorneys; as well as advertising that together with an attorney, the corporations maintained law offices, all in violation of New York Jud. Law § 495.
- j. Holding out and/or furnishing Defendant Blackwell to the public as an attorney entitled to practice law, and using the title of lawyer or attorney to convey the impression that Blackwell practices law and maintains a law office, when Defendant Blackwell was not admitted to practice law in this state; and causing customers to sign legal retainer agreements and pay money to retain the legal services of the Defendants, when none is entitled to practice law in this state; and, to the extent Defendants provided any legal advice to customers, by providing legal advice based on their particular circumstances, Defendants were entering into a relationship of trust and confidence on which Plaintiffs reasonably believed they could rely, without being admitted to practice law in New York, all in violation of New York Jud. Law §§ 478, 484, 485.
- k. Falsely representing that the fee was a legal retainer for legal services, when the agreements were not in compliance with the New York Rules of Professional Conduct and therefore are unenforceable;
- l. Falsely representing that an attorney admitted to practice in customers’ jurisdiction would be supervising or working on their file;
- m. Falsely representing to Plaintiffs that an experienced attorney would provide legal services in connection with their mortgage modification applications; and
- n. Falsely representing to Plaintiffs that an attorney was needed or was highly beneficial for filing a mortgage modification application, when that is not the case.

623. Plaintiffs suffered damages as a proximate result of Defendants’ deceptive acts because Plaintiffs accrued various costs, fees, penalties and consequential damages; whereas Plaintiffs would have commenced negotiations with their lender for a loan modification with lower monthly payments at an earlier date had Defendants’ deceptive practices not delayed their efforts.

624. Defendants’ deceptive scheme originated in New York, involved communications and statements made in New York, and injured Plaintiffs in transactions that occurred in New York.

625. Defendants' practices have had and may continue to have a broad impact on consumers throughout New York State and in other parts of the United States.

626. Defendants' statements and actions described hereinabove entitle Plaintiffs to actual or increased damages, attorneys' fees and injunctive relief under N.Y. Gen. Bus. Law § 349(h).

SECOND CAUSE OF ACTION

Violation of N.Y. Gen. Bus. Laws §§ 350, 350-a ("False Advertising")

By All Plaintiffs against Defendant Blackwell.

By all United Solutions Plaintiffs against Defendants ULS Inc., and USLF; by Plaintiff Farley against Defendant Day; by Plaintiffs Tabares against Defendant Lyons; and by Plaintiff Burke against Defendant Lafond.

By all Consumer First Plaintiffs against Defendants CF Corp., CFLG, and Blackwell's Attorneys; by Plaintiff Henson against Defendant Quinn; by Plaintiffs Crete against Defendant Villani; by Plaintiffs Johns against Defendant Lyons; by Plaintiff Scarborough against Defendant Lapides; by Plaintiffs Hegler against Defendants Enciso and Volpe; by Plaintiffs Boardwine against Defendant Hutchinson; by Plaintiffs Ellis against Defendant Gabriel Katz; by Plaintiffs Stanford against Defendant Goldfaden; by Plaintiff Campbell against Defendants Bialik and Villani; by Plaintiffs Niedelman against Defendant Tarazi; by Plaintiff Gales against Defendant Michael Katz; and by Plaintiffs Risch and Witt against Defendant Quinn.

627. Plaintiffs repeat and re-allege each and every allegation contained above.

628. Defendants' promotion, marketing, and advertising of its services and products are misleading in a material respect, deceptive, and are directed at the general public and consumers within the State of New York.

629. Such promotion, marketing, and advertising include statements made in person, in writing, by Internet communication, and over the phone to Plaintiffs regarding the costs, timing, nature, and efficacy of Defendants' services.

630. Defendants' products and services have been, and continue to be, advertised and sold within the State of New York.

631. Defendants' false advertising, marketing and promotion described hereinabove intentionally, deliberately, willfully or knowingly deceives the public and consumers, confuses or is likely to confuse the public and consumers, and materially misleads consumers as to the nature, characteristics and/or qualities of its products and services.

632. Consumers have reasonably relied and/or are likely to reasonably rely upon these misrepresentations in making purchase decisions and have been injured and damaged and are

likely to be further injured and damaged by Defendants' statements and actions described hereinabove in violation of N.Y. Gen. Bus. Laws §§ 350, 350-a.

633. A reasonable consumer acting reasonably under the circumstances would have believed, as Plaintiffs did, that Defendants' statements made in person, online, in printed materials, and over the phone regarding the costs, timing, nature, and efficacy of Defendants' services were truthful.

634. Plaintiffs were injured as a result of Defendants' deceptive acts, because Plaintiffs paid a substantial advance payment for mortgage modification services; whereas they would not have done so absent Defendants' statements relating to the cost, timing, nature, and efficacy of their services including but not limited to the following:

- a. That Defendants' services would be prompt;
- b. That Defendants had a high success rate in obtaining loan modifications;
- c. That Defendants could obtain a loan modification in a very short period of time for Plaintiffs;
- d. That Defendants were affiliated with many major U.S. mortgage lenders;
- e. That Plaintiffs would receive a full or partial refund if Defendants could not achieve the promised results;
- f. That Defendants would be able to obtain the lowest interest rate possible for Plaintiffs;
- g. That for-profit loan modification companies are more likely to obtain the desired results for homeowners than non-profit or HUD-approved loan modification services.
- h. That the New York corporations, and their officers, employees, and agents – by using the terms “Law Firm” or “Law Group” and advertising that together with an attorney the corporations maintained law offices – were entitled to practice law, to render legal services or advice, or to furnish counsel, in violation of New York Jud. Law § 495.
- i. That Defendant Blackwell was an attorney entitled to practice law when Defendant Blackwell was not admitted to practice law in New York;
- j. That the fee was a legal retainer for legal services, when the agreements were not in compliance with the New York Rules of Professional Conduct and therefore are unenforceable;
- k. That an attorney admitted to practice in the customers' jurisdiction would be supervising or working on their file;
- l. That an experienced attorney would provide legal services in connection with their mortgage modification applications; and

- m. That an attorney was needed or was highly beneficial for filing a mortgage modification application, when that is not the case.

635. Defendants' statements and actions described hereinabove entitle Plaintiffs to increased damages, reasonable attorneys' fees and injunctive relief under N.Y. Gen. Bus. Law § 350-e.

THIRD CAUSE OF ACTION

Violation of N.Y. Banking Law § 590 (“Registration of Mortgage Brokers”)

By Plaintiffs Squassoni, Farley, Burke, Henson, and Niedelman against Defendant Blackwell. By Plaintiffs Squassoni, Farley and Burke against Defendants ULS Inc., and USLF; by Plaintiff Farley against Defendant Day; and by Plaintiff Burke against Defendant Lafond. By Plaintiffs Henson and Niedelman against Defendants CF Corp., CFLG, and Blackwell’s Attorneys; by Plaintiff Henson against Defendant Quinn; and by Plaintiffs Niedelman against Defendant Tarazi.

636. Plaintiffs repeat and re-allege each and every allegation contained above.

637. Under N.Y. Banking Law §§ 590(1)(b) and (2)(b), entities or individuals that “engage in the business of soliciting, processing, placing or negotiating mortgage loans for others, or offering to solicit, process, place or negotiate mortgage loans for others” must register as “mortgage brokers” with the superintendent of the NYSBD.

638. Defendants were in the business of “negotiating” or “offering to . . . negotiate” the “terms or conditions” of a mortgage loan on behalf of third parties, as those terms are defined in N.Y. State Banking Law § 590(1)(d).

639. At all relevant times, Defendants were not registered with the NYSBD, even though Defendants offered to provide the services of a mortgage broker.

640. Defendants’ business of negotiating or offering to negotiate the terms and conditions of mortgage loans was not “incidental” to its “legal practice” as those terms are to be understood under § 590(2)(b), and Defendants’ loan modification business was not otherwise exempt from § 590’s licensing requirements.

641. In the course of soliciting Plaintiffs to hire Defendants to perform loan modification services, Defendants represented that they would negotiate the terms and conditions of Plaintiffs’ mortgages, including but not limited to those terms relating to the Plaintiffs’ interest rates and monthly loan payments. Defendants communicated these representations in various forms, including print and electronic advertisements, telephone calls, letters, emails and

facsimile transmissions. Defendants also collected information, such as Social Security numbers, income, and debt, which would be sufficient to render a credit decision.

642. To the extent that Defendants actually performed any of the services they promised to undertake on behalf of Plaintiffs, Defendants participated in negotiations regarding the terms and conditions of Plaintiffs' mortgages. Defendants' efforts to negotiate with mortgage lenders on behalf of the Plaintiffs included, but were not limited to, electronic and telephonic communications with mortgage lenders regarding Plaintiffs' monthly loan payments.

643. To the extent that Defendants offered legal representation to Plaintiffs, the representation consisted entirely of negotiating or offering to negotiate the terms and conditions of Plaintiffs' mortgages. Defendants did not provide any substantive legal services or legal advice to Plaintiffs, and, in particular, did not provide assistance with respect to any foreclosure action or any proceeding. The services offered by Defendants were limited to assistance in modifying the terms of Plaintiffs' loans and expressly excluded assistance with any foreclosure action or the representation of Plaintiffs in any proceeding.

644. At all relevant times, Defendant Blackwell was not licensed to practice law in New York, nor has he ever been licensed to practice law in the state. At all relevant times, Defendant Blackwell was licensed to practice law only in Nevada.

645. Defendants are liable to Plaintiffs for a sum of money not less than the actual fee paid to Defendants and up to four times such sum, as per N. Y. State Banking Law § 598(5).

FOURTH CAUSE OF ACTION

Violation of N.Y. Real Prop. Law § 265-b (“Distressed Property Consulting”)

By Plaintiffs Farley and Burke against Defendants Blackwell, ULS Inc., and USLF; and by Plaintiff Farley against Defendant Day; and by Plaintiff Burke against Defendant Lafond; By Plaintiffs Henson and Niedelman against Defendants Blackwell, CF Corp., CFLG, and Blackwell’s Attorneys; by Plaintiff Henson against Defendant Quinn; and by Plaintiffs Niedelman against Defendant Tarazi.

646. Plaintiffs repeat and re-allege each and every allegation contained above.

647. N.Y. Real Prop. Law § 265-b(1)(c) defines distress property “consulting services” as efforts to help a homeowner that include but is not limited to “assist[ing] the homeowner to . . . refinance a distressed home loan” and “sav[ing] the homeowner’s property from foreclosure.”

648. Defendants are “distressed property consultants” within the meaning of N.Y. Real Prop. Law § 265-b(1)(e).

649. N.Y. Real Prop. Law § 265-b(2) prohibits “distressed property consultants” from engaging in certain activities, including but not limited to “performing consulting services without a written, fully executed consulting contract with a homeowner,” “charging for or accepting any payment for consulting services before the full completion of all such services,” “retaining any original loan document,” and/or “attempting to induce a homeowner to enter a consulting contract that does not fully comply” with N.Y. Real Prop. Law § 265-b.

650. N.Y. Real Prop. Law § 265-b(3) requires that “distressed property consulting contracts” contain several features, which include but are not limited to “be[ing] in at least twelve point type,” “fully disclos[ing] the exact nature of the distressed property consulting services to be provided,” and “fully disclos[ing] the total amount and terms of compensation for such consulting services.” In addition, all such contracts must include a full-length “notice” describing the homeowner’s rights.

651. N.Y. Real Prop. Law § 265-b contains an exception for “an attorney admitted to practice in the state of New York when the attorney is directly providing consulting services to a homeowner in the course of his or her regular legal practice.” N.Y. Real Prop. Law § 265-b(1)(e)(i). Defendant Blackwell is not an attorney admitted to practice in the state of New York and, even if he were, he did not provide direct consulting services to Plaintiffs in the course of his “regular legal practice.” Accordingly, the statute’s full range of prohibitions applies to Defendants.

652. Insofar as Plaintiffs Henson and Farley own properties in New York State, Plaintiffs are “homeowners” within the meaning of N.Y. Real Prop. Law § 265-b(1)(a).

653. Insofar as Plaintiffs are or have been at times relevant herein in danger of having their homes foreclosed upon because they have one or more defaults under their respective mortgages that entitle the lender to accelerate full payment of the mortgage and repossess the property, Plaintiffs are mortgagors with “distressed home loans” within the meaning of N.Y. Real Prop. Law § 265-b(1)(d).

654. Defendants intentionally or recklessly engaged in conduct that violated N.Y. Real Prop. Law § 265-b, including taking upfront fees prior to completing any distressed property consulting services, inadequately disclosing the types of services to be performed, and failing to provide homeowners with sufficient notice of their rights.

655. Plaintiffs are entitled to a trebling of the actual and consequential damages arising from these violations, as well as attorneys’ fees and costs, in an amount to be determined at trial.

FIFTH CAUSE OF ACTION

Common Law Fraud

By All Plaintiffs against Defendant Blackwell.

By All United Solutions Plaintiffs against Defendants ULS Inc., and USLF; by Plaintiff Farley against Defendant Day; by Plaintiffs Tabares against Defendant Lyons; and by Plaintiff Burke against Defendant Lafond.

By All Consumer First Plaintiffs against Defendants CF Corp., CFLG, and Blackwell's Attorneys; by Plaintiff Henson against Defendant Quinn; by Plaintiffs Crete against Defendant Villani; by Plaintiffs Johns against Defendant Lyons; by Plaintiff Scarborough against Defendant Lapides; by Plaintiffs Hegler against Defendants Enciso and Volpe; by Plaintiffs Boardwine against Defendant Hutchinson; by Plaintiffs Ellis against Defendant Gabriel Katz; by Plaintiffs Stanford against Defendant Goldfaden; by Plaintiff Campbell against Defendants Bialik and Villani; by Plaintiffs Niedelman against Defendant Tarazi; by Plaintiff Gales against Defendant Michael Katz; and by Plaintiffs Risch and Witt against Defendant Quinn.

656. Plaintiffs repeat and re-allege each and every allegation contained above.

657. Defendants made intentional misrepresentations and/or failed to provide material information, including, but not limited to, the following:

- a. Falsely representing to Plaintiffs that they were loan modification specialists;
- b. Falsely representing that Defendants' services would be provided promptly;
- c. Falsely representing that Defendants had a very high success rate in obtaining loan modifications;
- d. Falsely representing that Plaintiffs would obtain a loan modification in a short period of time;
- e. Falsely representing that Plaintiffs were "qualified," were good candidates, or were otherwise highly likely to obtain load modification approval from their lenders;
- f. Falsely representing that Defendants would issue refunds if the offered loan modifications did not succeed;
- g. Falsely representing that Defendants were performing legal services;
- h. Falsely representing that Defendant Blackwell is an attorney legally permitted to offer legal services in New York and other relevant jurisdictions;
- i. Falsely representing that Defendants were entitled to practice law or furnish attorneys;
- j. Falsely representing that Plaintiffs' files would be worked on by attorneys who were admitted to practice law in the respective jurisdictions of each individual Plaintiff;
- k. Misrepresenting to Plaintiffs that they should cease making their mortgage payments and communicating with their lenders; and

1. Falsely representing that Defendants were affiliated with or approved by the government to provide loan modification services.

658. Defendants made these representations and omissions knowing that they were false at the time they were made.

659. Defendants offered these statements as fact, not opinion, with the intent to induce Plaintiffs to purchase their loan modification services, to convince Plaintiffs to remain as clients, or to prevent Plaintiffs from learning the true nature of Defendants' scheme.

660. Plaintiffs had a reasonable right to rely and, in fact, relied on Defendants' representations and omissions of material facts in agreeing to what Plaintiffs believed to be a legitimate loan modification service. Plaintiffs' reliance was reasonable particularly because Plaintiffs were consumers receiving representations from sophisticated corporations and their employees regarding a highly technical service. Had Plaintiffs known the truth about the misrepresentations and omissions, Plaintiffs would not have entered into the transaction with Defendants.

661. Plaintiffs suffered damages as a direct and proximate result of their reasonable and justified reliance on Defendants' intentional misrepresentations and failures to disclose. Plaintiffs' damages include, but are not limited to, the loss of their upfront and subsequent payments to Defendants, as well as the additional fees, costs, and penalties accrued as a result of Defendants' misrepresentations.

662. Defendants' actions were willful, intentional, knowing, and malicious.

663. The causes of action for fraud and fraudulent inducement are based on representations and inducements made outside of, and separate from, the express terms of the contracts between Defendants and Plaintiffs.

664. Defendants are liable to Plaintiffs for (a) actual damages in an amount to be determined at trial; (b) punitive damages in an amount sufficient to prevent others from engaging in similar schemes; (c) costs and disbursements; and (d) attorneys' fees.

SIXTH CAUSE OF ACTION

Fraudulent Inducement

By All Plaintiffs against Defendant Blackwell.

By All United Solutions Plaintiffs against Defendants ULS Inc., and USLF; by Plaintiff Farley against Defendant Day; by Plaintiffs Tabares against Defendant Lyons; and by Plaintiff Burke against Defendant Lafond.

By All Consumer First Plaintiffs against Defendants CF Corp., CFLG, and Blackwell's Attorneys; by Plaintiff Henson against Defendant Quinn; by Plaintiffs Crete against Defendant Villani; by Plaintiffs Johns against Defendant Lyons; by Plaintiff Scarborough against Defendant Lapides; by Plaintiffs Hegler against Defendants Enciso and Volpe; by Plaintiffs Boardwine against Defendant Hutchinson; by Plaintiffs Ellis against Defendant Gabriel Katz; by Plaintiffs Stanford against Defendant Goldfaden; by Plaintiff Campbell against Defendants Bialik and Villani; by Plaintiffs Niedelman against Defendant Tarazi; by Plaintiff Gales against Defendant Michael Katz; and by Plaintiffs Risch and Witt against Defendant Quinn.

665. Plaintiffs repeat and re-allege each and every allegation contained above.

666. Plaintiffs bring these claims for fraudulent inducement with respect to the contracts agreed to with Defendants for the performance of loan modification services.

667. Defendants made untrue statements of material fact and omissions of material fact. Defendants' misleading statements include, but are not limited to, the following misrepresentations and omissions:

- a. Falsely representing to Plaintiffs that they were loan modification specialists;
- b. Falsely representing that Defendants' services would be provided promptly;
- c. Falsely representing that Defendants had a very high success rate in obtaining loan modifications;
- d. Falsely representing that Plaintiffs would obtain a loan modification in a short period of time;
- e. Falsely representing that Defendants would issue refunds if the offered loan modifications did not succeed;
- f. Falsely representing that Defendants only accepted clients who qualified for mortgage modifications;
- g. Falsely representing that Defendant Blackwell was an attorney legally permitted to offer legal services in New York and other relevant jurisdictions;
- h. Falsely representing that Defendants were entitled to practice law or furnish attorneys;

- i. Falsely representing that Plaintiffs' files would be worked on by attorneys who were admitted to practice law in the respective jurisdictions of each individual Plaintiff;
- j. Misrepresenting to Plaintiffs that they should cease making their mortgage payments and communicating with their lenders once they hired Defendants; and
- k. Falsely representing that Defendants were affiliated with or approved by the federal government to assist with loan modifications.

668. Defendants knew or intended that Plaintiffs would enter agreements based on the false statements.

669. Plaintiffs reasonably and justifiably relied on the false statements about the cost, speed, nature, and efficacy of Defendants' services. Plaintiffs' reliance is justifiable particularly because Plaintiffs were engaging in a consumer transaction with sophisticated corporations and their employees regarding a highly technical service.

670. Plaintiffs have been harmed by entering into agreements with Defendants in an amount to be determined at trial.

671. Defendants' actions were willful, intentional, knowing and malicious.

672. The causes of action for fraud and fraudulent inducement are based on representations and inducements made outside of, and separate from, the express terms of the contracts between Defendants and Plaintiffs.

673. Defendants are liable to Plaintiffs for (a) actual damages in an amount to be determined at trial; (b) punitive damages in an amount sufficient to prevent others from engaging in similar schemes; (c) costs and disbursements; and (d) attorneys' fees.

SEVENTH CAUSE OF ACTION

Aiding and Abetting Fraud

By All Plaintiffs against Defendant Blackwell.

*By All United Solutions Plaintiffs against Defendants ULS Inc., USLF, Day, Lafond, and Lyons.
By All Consumer First Plaintiffs against CF Corp., CFLG, Blackwell's Attorneys, Daloya, Quinn,
Villani, Lyons, Lapides, Enciso, Volpe, Hutchinson, Gabriel Katz, Goldfaden, Bialik, Tarazi, and
Michael Katz.*

674. Plaintiffs repeat and re-allege each and every allegation contained above.

675. During relevant times, Defendants, by and through their affiliates, divisions, enterprises, representatives, employees and agents, knowingly and willfully aided and abetted the fraudulent loan modification scheme described above.

676. Defendants' actions were taken with full knowledge and acceptance of the fraudulent loan modification services.

677. Defendants aided and abetted the scheme to defraud Plaintiffs and provided substantial assistance by:

- a. Training sales staff to make fraudulent statements to consumers, and/or supervising sales staff who did make fraudulent statements and failing to correct the practice;
- b. Failing to perform promised services for which they had collected upfront fees;
- c. Promising to issue refunds if Defendants could not achieve the promised results;
- d. Purposely concealing this information when contacted by Plaintiffs by intentionally concealing the progress of the loan modification application;
- e. Misrepresenting to Plaintiffs that they should cease making their mortgage payments and communicating with their lenders;
- f. Falsely representing to Plaintiffs that Defendants would be in communication throughout the course of the transaction, even if in Defendants' adverse interest; and
- g. Falsely representing that an attorney who was admitted in Plaintiffs' respective jurisdictions would be working on their loan modification application.

678. Defendants' actions were undertaken knowingly or as part of a highly interdependent scheme from which all defendants benefited from the fraudulent activity of the other defendants.

679. As a direct and proximate cause of Defendants' aiding and abetting activities, Plaintiffs have suffered damages, in an amount to be determined at trial.

EIGHTH CAUSE OF ACTION

Breach of Contract

*By All United Solutions Plaintiffs against Defendants ULS Inc. and USLF.
By All Consumer First Plaintiffs against Defendants CF Corp., CFLG, and Blackwell's
Attorneys.*

680. This claim is alleged in the alternative to the Sixth Cause of Action, Fraudulent Inducement.

681. Plaintiffs repeat and re-allege each and every allegation contained above.

682. Plaintiffs entered into contracts with Defendants for loan modification services.

683. Plaintiffs performed as obligated under those contracts.

684. Defendants failed to perform their obligations to Plaintiffs in that they did not provide (a) the loan modification services required under the contract or (b) did not provide the services of a duly-admitted attorney, as promised and required under the contract.

685. Defendants breached their implied covenant of good faith and fair dealing. Plaintiffs suffered damages and are entitled to recover: (a) the amount paid for Defendants' services, together with pre-judgment interest in the amount of 9% per annum; and (b) consequential damages arising from the breach, including but not limited to costs related to Plaintiffs' missed mortgage payments, such as late fees and penalties and decreased credit ratings, as well as costs associated with loans that Plaintiffs took out in order to pay for Defendants' upfront fees, in an amount to be determined at trial.

NINTH CAUSE OF ACTION

Attorney Malpractice

*By All United Solutions Plaintiffs against Defendants ULS Inc. and USLF.
By All Consumer First Plaintiffs against Defendants CF Corp., CFLG, and Blackwell's
Attorneys.*

686. To the extent that Defendants engaged in the practice of law, this cause of action is alleged in the alternative to breach of contract, the Eighth Cause of Action.

687. Plaintiffs repeat, reiterate, and re-allege each and every allegation contained above.

688. To the extent, if at all, "legal services" were performed, Defendants failed to exercise the degree of care, skill, and diligence commonly possessed and exercised by an ordinary member of the legal community.

689. Defendants' failure to exercise the required degree of care, skill, and diligence includes, but is not limited to, the following:

- a. Encouraging Plaintiffs to stop paying their monthly mortgage payments;
- b. Demanding that Plaintiffs stop communicating with their lenders;
- c. Failing to inform Plaintiffs that they did not meet basic requirements for obtaining a modification under various federal programs;
- d. Failing to contact Plaintiffs' lenders in a timely fashion, or failing to contact them at all;
- e. Negligently preparing and submitting Plaintiffs' loan modification documents, or failing to submit the documents at all;
- f. Neglecting to return phone calls and to respond to other communications from Plaintiffs about the status of their loan modification application;
- g. Neglecting to contact Plaintiffs to inform them when additional information was needed to complete a modification application;
- h. Falsely claiming to employ attorneys who were admitted in the jurisdiction where Plaintiffs resided; and
- i. Requiring that Plaintiffs make upfront payments in violation of existing state laws.

690. Defendants' statements and actions described hereinabove entitle Plaintiffs to disgorgement of fees already paid to Defendants and to consequential damages flowing from Defendants' malpractice.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court award judgments in its favor as follows:

(a) enjoin Defendants from engaging in deceptive acts and practices that affect consumers in New York State under N.Y. Gen. Bus. Law § 349(h); and, enjoin Defendants from advertising, marketing or promoting their services and products in a false, materially misleading or deceptive manner in New York State under N.Y. Gen. Bus. Law § 350-e, specifically: enjoining Defendants Anthony Blackwell, United Legal Solutions, Inc. (a/k/a United Solutions Corporation), United Solutions Law Firm LLC, Consumer First Corporation, Consumer First Law Group LLC, and Blackwell's Attorneys LLC from:

- i. Marketing, advertising, offering, selling or engaging in "Mortgage Loan Modification Services," as that term is defined herein, or aiding and abetting the marketing, advertising, offering, selling, or carrying out of those services;
- ii. Marketing, advertising, offering, selling or engaging in legal representation of consumers in connection with the performance of Mortgage Loan Modification Services;
- iii. Being employed by (as in-house legal counsel or otherwise), or serving as a consultant to, any person or entity that sells or carries out Mortgage Loan Modification Services;
- iv. Owning, managing, operating, creating, or assisting in the creation of any entity that markets, advertises, offers, sells, or carries out Mortgage Loan Modification Services;
- v. Engaging in any deceptive acts and practices or false advertising in violation of New York General Business Law § 349 or 350, including:
 - 1) Falsely promising to offer "legal representation" in connection with consumers' loan modification applications;
 - 2) Misrepresenting to consumers the nature and mechanics of Mortgage Loan Modification Services;

- 3) Falsely promising to engage in negotiations with consumers' mortgage lenders or servicers;
- 4) Misrepresenting the progress of loan modification applications;
- 5) Falsely representing that consumers are certain to receive a reduction in mortgage interest rates and/or a reduction in mortgage principal;
- 6) Falsely representing that refunds will be issued if the offered Mortgage Loan Modification Services do not lead to a successful result;
- 7) Encouraging consumers to stop paying their monthly mortgage payments and/or to cease communications with their lenders or servicers;
- 8) Charging consumers an upfront fee for Mortgage Loan Modification Services; and
- 9) Forming a business or organizational identity or operating as a "doing business as" organization as a method of evading dissatisfied customers;

where the term "Mortgage Loan Modification Services" shall mean any service, plan or program offered or provided to a consumer in exchange for consideration that is represented, expressly or by implication, as having the effect of assisting or attempting to assist the consumer with any of the following:

- i. Negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including a reduction in the amount of interest, principal balance, monthly payments, or fees;
- ii. Obtaining any forbearance or modification in the timing of payments from any dwelling loan holder or servicer on any dwelling loan;
- iii. Negotiating, obtaining, or arranging any extension of the period of time within which the consumer may cure his or her default on a dwelling loan; or
- iv. Obtaining any waiver of an acceleration clause or balloon payment contained in any promissory note or contract secured by any dwelling.

(b) order Defendants to return all documents to Plaintiffs and, at the conclusion of this litigation, remove from Defendants' files all of Plaintiffs' personal and financial information;

(c) rescind any and all written agreements or "retainer" agreements between Defendants and Plaintiffs;

(d) on its First Cause Of Action: Damages of not less than \$46,753.75, plus other actual damages in an amount to be determined at trial;

(e) on its Second Cause Of Action: Damages of not less than \$135,211.25, plus a trebling of other actual damages in an amount to be determined at trial;

(f) on its Third Cause Of Action: Damages of not less than \$63,415.00;

(g) on its Fourth Cause Of Action: Damages of not less than \$38,820.00, plus a trebling of other actual and consequential damages in an amount to be determined at trial;

(h) on its Fifth Cause Of Action: Damages of not less than \$46,753.75, plus other actual and consequential damages to be determined at trial;

(i) on its Sixth Cause Of Action: Damages of not less than \$46,753.75, plus other actual and consequential damages in an amount to be determined at trial;

(j) on its Seventh Cause Of Action: Damages of not less than \$46,753.75, plus other actual and consequential damages in an amount to be determined at trial;

(k) on its Eighth Cause Of Action: Damages of not less than \$46,753.75, plus other actual and consequential damages in an amount to be determined at trial;

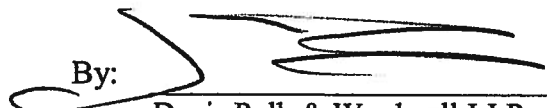
(l) on its Ninth Cause of Action: Damages of not less than \$46,753.75, plus other actual and consequential damages in an amount to be determined at trial;

- (m) punitive damages to the extent permitted by law and not less than \$1,000,000.00;
- (n) interest at the legal rate on all claims for compensatory damages;
- (o) the costs and disbursements of this action;
- (p) reasonable attorneys' fees to the extent permitted by law; and
- (q) such other and further relief as the Court may deem just and proper.

Date: March 19, 2012
New York, NY

DAVIS POLK & WARDWELL LLP

Daniel F. Kolb
Jillian Rennie Stillman
Vesna Cuk
Stratos Pahis
Matthew Cormack
Guyer McCracken

By: 

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4000

Linda H. Mullenbach*
Meredith Horton

on behalf of the

Lawyers' Committee for
Civil Rights Under Law
1401 New York Ave., NW, Suite 400
Washington, DC 20005
(202) 662-8600

**pro hac vice admission pending*

Attorneys for Plaintiffs

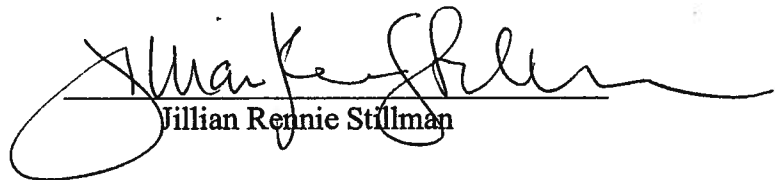
VERIFICATION

NEW YORK)
) ss
NEW YORK)

Jillian Rennie Stillman, being duly sworn, deposes and says:

I am a litigation associate at Davis Polk & Wardwell. I have read the foregoing Complaint and know the contents thereof, and the allegations contained in the Complaint are true to the best of my knowledge, information, and belief. The sources of my information and the grounds of my belief as to all matters in the foregoing Complaint not therein stated to be upon my personal knowledge are my interviews and interviews I supervised involving Plaintiffs; my review of Plaintiffs' documents; my review of interviews and depositions conducted in connection with *Mook v. Homesafe America*; and my review of information regarding Defendants that is available on the Internet or is otherwise available to the public.

DATED: March 19, 2012
 New York, New York



Jillian Rennie Stillman

Sworn to before me this
19th day of March, 2012



Notary Public