



FACT SHEET

Baker, et al. v. Platinum Law Group, Inc., et al.

CONTACT MEDIA RELATIONS

Lawyers' Committee for Civil Rights Under Law: Stacie B. Royster

Director of Communications and External Affairs

Telephone: 202-662-8317

Email: sroyster@lawyerscommittee.org

Arnold & Porter LLP: Deborah E. Douglas

Regional Marketing Director

Arnold & Porter LLP

Telephone: (415) 471-3238

Email: deborah.douglas@aporter.com

All statements below are allegations provided by the plaintiffs. None of these allegations have been proven yet.

ABOUT Baker, et al. v. Platinum Law Group, Inc., et al.

Eight California homeowners filed a lawsuit in Los Angeles County, California against a network of California-based loan modification companies, as well as their owners and chief employees, asserting several causes of action arising out of the companies' activities, including those for breach of contract, fraud, deceptive practices and violations of various California consumer protection statutes. The lawsuit alleges that the defendants operated a fraudulent scheme in which they lured homeowners in need of mortgage assistance with false promises of guaranteed mortgage loan modifications often backed by money-back guarantees, and then failed to deliver on those promises after collecting thousands of dollars in upfront fees and payments from the homeowners or provide refunds. The plaintiffs now seek monetary and injunctive relief against the defendants for their damages caused by the defendants' loan modification scams. The Lawyers' Committee for Civil Rights Under Law and Arnold & Porter LLP are representing the plaintiffs free of charge.

ABOUT Plaintiffs Juanita and Michael Craig (Complaint ¶¶ 109-122)

- Juanita Craig and Michael Craig currently live in a rented home in Clovis, California. They previously owned and lived in a home located in Fresno, California and had a mortgage on the property.
- Mr. Craig is a veteran of the Vietnam War. He suffers from post-traumatic stress disorder and has been deemed disabled and unable to work by the Department of Veterans Affairs since 2003. He collects monthly social security disability payments. Mrs. Craig is over 65 years of age.

- Around October 2010, Mr. and Mrs. Craig were facing financial difficulties and contacted their lender by phone regarding obtaining a loan modification. Later that same month, they received an unsolicited phone call from Defendant John Romero, who claimed that Platinum Law Group worked closely with Bank of America to obtain loan modifications. Defendant Romero further stated that Platinum Law Group had a 90% success rate in obtaining such modifications.
- Defendant Romero sent Mr. and Mrs. Craig a number of documents, including a contract for services, a third party authorization form giving Platinum Law Group permission to contact their lender on their behalf, and numerous documents requesting detailed financial information from Mr. and Mrs. Craig.
- Defendant Romero demanded an upfront fee of \$1,928.
- In November 2010, Mr. and Mrs. Craig completed and signed these documents and faxed them to Defendant Romero, along with a blank voided check from their checking account, as Defendant Romero told them to do. That same month, Platinum Law Group deducted \$1,735.20 from Mr. Craig's checking account, prior to completing the contracted services.
- Defendant Romero also told Mr. and Mrs. Craig to stop making payments to their lender, which he stated would make obtaining a loan modification easier. Relying on Defendant Romero's statements, Mr. and Mrs. Craig stopped making payments to their lender in December 2010.
- At various times between October 2010 and May 2011, Mr. and Mrs. Craig also provided copies of their bank statements and other financial documents to Defendant Romero, in response to his requests.
- In October 2011, Mr. and Mrs. Craig requested and received a meeting with a representative from the Fresno office of the United States Department of Housing and Urban Development (HUD). The HUD representative informed the Craigs that she had contacted their lender on their behalf and determined that no loan modification had been completed.
- Despite this news from HUD, around November or December 2011, Defendant Romero informed Mr. and Mrs. Craig that he had obtained a loan modification with their lender, and that he was finished with their case. Mrs. Craig requested that their file be returned to her before the final payment of \$192.80 was deducted from her checking account. Platinum Law Group never returned their file and never deducted the final \$192.80.
- Around February 2012, Mrs. Craig received a trial payment period plan for a loan modification. When she was told by her lender that these payments were over \$400 more per month than her monthly payments prior to contracting with Platinum Law Group, she contacted her lender and was told that her loan modification was still not complete. Mrs. Craig sent additional documents to Defendant Romero, but received no response.
- Mr. and Mrs. Craig resumed making their mortgage payments to their lender in March 2012.
- Mr. and Mrs. Craig are informed and believe, and on that basis allege, that neither Defendant Romero nor anyone else at Platinum Law Group ever completed a loan modification application or obtained a loan modification on their behalf.
- As a result of their experience with defendants, Mr. and Mrs. Craig lost \$1,735.20 in upfront fees and incurred penalties for late mortgage payments.

- Unfortunately, in August 2012, after receiving multiple notices of sale, Mr. and Mrs. Craig were forced to conduct a short-sale on their home. The sale was completed in December 2012.

ABOUT THE LEGAL CLAIMS

The plaintiffs are seeking monetary damages as well as injunctive relief against the defendants to prevent them from continuing to conduct their alleged illegal loan modification schemes. Plaintiffs, and potentially numerous other homeowners, have lost thousands of dollars in illegal upfront fees, have suffered other financial injuries, and, in some cases were pushed closer to or into foreclosure. The complaint alleges various causes of action including:

- Violation of the California Business & Professionals Code § 17200, *et seq.* (“Unfair Competition Law”) and § 17500, *et seq.* (“False Advertisement”): The defendants are alleged to have made numerous false promises and misrepresentations to the plaintiffs in violation of California law, including distributing false and deceptive advertisements and engaging in unfair and deceptive acts and practices in connection with their advertised practices; demanding and accepting up-front fees for loan modification services; utilizing and inducing homeowners to sign contracts that contain illegal provisions, such as unlawful limitation of liability clauses and/or arbitration clauses; and failing to provide homeowners with signed copies of their contracts and/or notices of cancellation. (¶¶ 182-189, 212-218)
- Consumers Legal Remedies Act, California Civil Code § 1750, *et seq.*: The defendants are alleged to have made misrepresentations and incorporated illegal and unfair provisions in their loan modification contracts with plaintiffs in violation of the Consumers Legal Remedies Act. The allegations against defendants include falsely informing plaintiffs that the contracted-for loan modification services were subject to a money-back guarantee, promising plaintiffs that their lenders would approve specific loan modification terms when Defendants were in no position to make such promises, and falsely claiming to have negotiated or secured loan modifications for plaintiffs when neither had occurred. (¶¶ 231-234)
- Breach of Contract: The defendants are alleged to have breached their oral, written and/or implied contracts with the plaintiffs by failing to perform the services they promised the plaintiffs, and/or failing to refund thousands of dollars in upfront fees obtained from the plaintiffs. (¶¶ 190-94)
- Fraud and Constructive Fraud: The defendants are alleged to have committed fraud and constructive fraud by concealing material information from plaintiffs, including, for example, that defendants did not intend to submit or complete loan modifications on plaintiffs’ behalves, that they had a high success rate in obtaining loan modifications, and that plaintiffs would receive all or substantially all of their money back if defendants did not obtain the promised loan modifications. Plaintiffs relied on defendants’ misrepresentations to their detriment or were harmed by defendants’ failures to disclose key information about their services. (¶¶ 203-211)
- Financial Abuse of an Elder: As to plaintiffs who were over 65 years of age, defendants are alleged to have taken their property for wrongful use and with the intent to defraud in violation of California Welfare and Institutions Code § 15610, *et seq.* (¶¶ 226-230)