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Judge Frederick P. Horn

C-31

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 LESLIE BATES, an individual; ELIZABETH
BATES, an individual; JAMES BEEBE, an
15 individual; OK BEEBE, an individual;
VERNON BREDESON, an individual;
16 KATHY BREDESON, an individual;
WILTON KELLER, an individual; JOYCE
17 LANDRY, an individual; MARY MOORE, an
individual; PAMELA RAMLOCHAN, an
18 individual; HANA SHMUEL, an individual;
RAMI SHMUEL, an individual;
19 JACQUELINE THURMOND, an individual;
and STEPHEN VELLA, an individual,

20 Plaintiffs,

21 v.

22 WILLIAM D. GOODRICH, ATTORNEY,
23 INC., a California corporation; APEX
MEMBERS, LLC, a Nevada limited liability
24 corporation; WILLIAM DENNETT
GOODRICH, an individual; MADHULIKA
25 BAID, an individual; and DOES 1 through 99,
inclusive,

26 Defendants.
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ELECTRONICALLY FILED
Superior Court of California,
County of Orange

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Clerk of the Superior Court
By Fidel Ibarra, Deputy Clerk

Case No. 30-2012-00615512-CU-BC-CJC

UNLIMITED CIVIL

COMPLAINT FOR

1. BREACH OF CONTRACT
2. BREACH OF IMPLIED COVENANT
OF GOOD FAITH AND FAIR
DEALING
3. BREACH OF FIDUCIARY DUTY
4. FRAUD
5. UNFAIR COMPETITION (CAL. BUS.
& PROF. CODE § 17200, *et seq.*)
6. FALSE ADVERTISING (CAL. BUS. &
PROF. CODE § 17500, *et seq.*)
7. UNFAIR OR DECEPTIVE
PRACTICES AGAINST DISABLED
PERSONS (CAL. CIV. CODE § 3345)
8. ATTORNEY MALPRACTICE
9. NEW YORK DECEPTIVE
PRACTICES ACT (N.Y. GEN. BUS.
LAW § 349)
10. NEW YORK FALSE ADVERTISING
(N.Y. GEN. BUS. LAW §§ 350, 350-a)
11. NEW YORK REGISTRATION OF
MORTGAGE BROKERS (N.Y.
BANKING LAW § 590)
12. NEW YORK DISTRESSED
PROPERTY CONSULTING (N.Y.

REAL PROP. LAW § 265-b)
13. INJUNCTIVE RELIEF
DEMAND FOR JURY TRIAL

Plaintiffs Leslie Bates, Elizabeth Bates, James Beebe, Ok Beebe, Vernon Bredeson, Kathy Bredeson, Wilton Keller, Joyce Landry, Mary Moore, Pamela Ramlochan, Hana Shmuel, Rami Shmuel, Jacqueline Thurmond, and Stephen Vella (collectively, "Plaintiffs") allege as follows:

FACTUAL BACKGROUND

1. In 2006, the housing bubble burst. Predatory lending practices, combined with a weakening economy, caused residential real estate prices in the United States to decline and foreclosures to increase. By 2008, those price declines and foreclosures deepened the economic crisis, and the United States entered what many consider to be the worst economic downturn since the Great Depression of the 1930s. This downturn, termed the "Great Recession," has resulted in millions of Americans entering unemployment or underemployment and suffering tremendous financial hardship. To make matters worse, the problem turned back on itself: the Great Recession has further exacerbated the housing crisis by placing additional stress on individuals and families struggling to make their mortgage payments. As a result, the foreclosure rate has reached historic levels, exacting a devastating financial and emotional toll on millions of homeowners.

2. Sadly, but perhaps not surprisingly, some have exploited this crisis by preying upon those suffering most. As the foreclosure crisis has swept across the nation, a new problem threatens to push homeowners further into debt and despair: loan modification scams. These operations defraud and victimize vulnerable homeowners by operating corrupt for-profit loan modification businesses that target low- and middle-income homeowners who are in danger of foreclosure. Purporting to offer assistance to homeowners desperate to modify their home loans in exchange for sizable upfront fees and monthly membership fees, these scammers are instead offering phantom services, causing further devastation to homeowners when they realize the scam.

3. The scams themselves are heavily promoted, especially in areas with high rates of

1 foreclosures. In some cases, using publicly available databases to identify homeowners in
2 default, scammers contact victims by telephone, mail, or email. In other cases, homeowners
3 initiate contact with the scamming operation after seeing a print, television, or internet
4 advertisement. Sometimes, victims are referred to the operation by a friend or relative who has
5 not yet realized the true nature of the loan modification operation.

6 4. Once the scamming operation makes contact with a victim, it falsely claims to
7 have specialized knowledge that will enable it to lower the homeowner's monthly mortgage
8 payments and will allow the homeowner to stay in his or her home. The scamming operation
9 promises that, in exchange for a sizable upfront fee and often monthly membership fees, it will
10 re-negotiate the homeowner's mortgage with his or her servicer or lender. Some of these
11 operations are very sophisticated, using documents that appear to come from a financial
12 institution or governmental agency. The scammers often assure the homeowner that he or she
13 will be entitled to a full refund of the upfront fee if the operation fails to get the homeowner's
14 loan modified.

15 5. As soon as the homeowner pays the upfront fee, however, the homeowner's
16 inquiries into the status of the loan modification process typically go unanswered and calls are not
17 returned. In the end, there is little to no work done on the homeowner's behalf.

18 6. The prevalence of loan modification scams has risen sharply as foreclosures have
19 climbed. In an effort to combat this onslaught of loan modification scams, the California
20 Legislature enacted Senate Bill 94 in 2009, which prohibits individuals and entities that offer loan
21 modification services from engaging in certain harmful tactics, including demanding advance or
22 upfront fees and taking power of attorney from the borrowers.

23 7. Unfortunately, loan modification scammers continue to prey upon vulnerable
24 homeowners. From February 2010 through October 2012, homeowners have submitted over
25 27,000 complaints against alleged scammers to the Loan Modification Scam Prevention
26 Network's Database ("National Database"). The states with the top complaints include
27 California, Florida, New York and Texas, with an average fee paid per homeowner to alleged
28 scammers of almost \$3,000, for a reported total loss of nearly \$65 million.

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1 induce the homeowner to hire Goodrich/Apex.

2 a. They boast about a high success rate, usually in the 90-99% range, and
3 often guarantee that the homeowner will be approved for a modification.

4 b. They frequently state that their services are provided in association with the
5 federal government's Home Affordable Modification Program ("HAMP"), the "Obama
6 Administration's Homeowner Affordability and Stabilization Plan," or simply the "Obama Plan."

7 c. They promise to work directly with the homeowner's lender to expedite the
8 approval process, and, in some instances, to provide legal assistance.

9 d. They promise results in an unreasonably short time period, anywhere from
10 a few weeks to four months.

11 e. They offer a money back guarantee in the event that Goodrich/Apex are
12 unable to secure a loan modification on the homeowner's behalf.

13 13. When Goodrich/Apex make these misrepresentations, they know them to be false.
14 Further, they have no intention of fulfilling their promises by applying for or obtaining a loan
15 modification on behalf of the homeowner. Instead, Goodrich/Apex intend to merely collect fees
16 from the homeowner without performing the promised services.

17 14. Once a homeowner comes into contact with either Apex or Goodrich Law, that
18 homeowner is often referred to the other associated entity for work on his or her loan
19 modification. With regard to homeowners who have initial contact with Apex, Apex always
20 involves Goodrich in its loan modifications, while initial Goodrich customers often do not work
21 with Apex.

22 15. Before "providing" services, Goodrich/Apex require homeowners to sign various
23 contracts: an "Agreement for Legal Services" or "Mortgage Modification Service Agreement"
24 with Goodrich Law and, in the case of homeowners who work with both entities, a "Membership
25 Agreement" with Apex.

26 16. The "Membership Agreement" states that Apex will "provide[] a variety of
27 financial services" to the homeowner, including consultation regarding loan modification. For
28 these services, Apex requires a large upfront fee, misleadingly referred to as an "initial

1 membership registration fee,” and successive “monthly membership fees.”

2 17. The “Agreement for Legal Services” provides that Goodrich and Goodrich Law
3 will “represent Client in connection with Client’s request for modification of the terms of a
4 mortgage loan that Client has,” and that Goodrich Law will “prepare and submit a loan
5 modification request to the Lender on behalf of Client.” The Goodrich Law “Mortgage
6 Modification Service Agreement” contains similar terms with regard to the scope of services.

7 18. Goodrich/Apex also require homeowners to pay a large upfront fee before they
8 will start work on the homeowner’s loan modification. In addition, the homeowners must agree
9 to successive monthly installment payments, usually by check or automatic bank withdrawal.

10 19. Goodrich/Apex usually instruct homeowners to stop making mortgage payments—
11 ostensibly to make a loan modification more likely—and to cease speaking with their lender (or
12 the entity servicing their loan) directly.

13 20. Given the inevitable differences in their individual circumstances, not all
14 homeowners are eligible for loan modifications. Nevertheless, Goodrich/Apex promote their
15 “services” on a one-size-fits-all basis, with no regard for each homeowner’s particular financial
16 circumstances.

17 21. Once the homeowners provide the requested documentation and pay the upfront
18 fees, Goodrich/Apex become unresponsive. Homeowners are suddenly unable to get in contact
19 with Goodrich/Apex, which fail to answer the telephone or return messages. Homeowners are
20 constantly shuffled between employees, none of whom provide meaningful assistance.
21 Goodrich/Apex deflect questions by repeatedly asking homeowners for more documents.

22 22. Ultimately, after extracting thousands of dollars from victims already at the brink
23 of financial ruin, Goodrich/Apex do not perform the contracted-for services, nor do they return
24 the homeowners’ upfront fees. In most cases, Goodrich/Apex never even contact the
25 homeowner’s lender or servicer to request a loan modification. Additionally, by advising
26 homeowners to cease making mortgage payments, many homeowners are pushed closer to
27 foreclosure. For homeowners who continue to make payments, they lose precious time that they
28 could have spent working with a HUD-approved housing counselor for free or negotiating

1 directly with their lender for a loan modification.

2 23. Some homeowners made unsuccessful attempts to secure a refund once they
3 realized Goodrich/Apex were not providing any services. A small number of homeowners
4 obtained a refund of a portion of the fees paid based on the scammers' claims that they had
5 performed services on the homeowner's behalf, when in truth no such services were ever
6 performed and a full refund was warranted.

7 24. The housing crisis has received extensive news coverage in recent years, as many
8 homeowners have struggled under the weight of high-cost home loans on property with vastly
9 diminishing value. Sadly, this situation has created a perfect storm for certain unscrupulous
10 individuals—like Defendants—to prey on homeowners who face dire circumstances. Instead of
11 actually providing help to those who need it most, these individuals seek only to profit from
12 others' distress.

13 **PARTIES**

14 25. Plaintiff Leslie Bates is an individual with a primary place of residence in
15 Hamilton, Missouri.

16 26. Plaintiff Elizabeth Bates is an individual with a primary place of residence in
17 Hamilton, Missouri.

18 27. Plaintiff James Beebe is an individual with a primary place of residence in
19 Olympia, Washington.

20 28. Plaintiff Ok Beebe is an individual with a primary place of residence in Olympia,
21 Washington.

22 29. Plaintiff Vernon Bredeson is an individual with a primary place of residence in
23 Dalton, Georgia.

24 30. Plaintiff Kathy Bredeson is an individual with a primary place of residence in
25 Dalton, Georgia.

26 31. Plaintiff Wilton Keller is an individual with a primary place of residence in
27 Charlotte, North Carolina.

28 32. Plaintiff Joyce Landry is an individual with a primary place of residence in

1 Houston, Texas.

2 33. Plaintiff Mary Moore is an individual with a primary place of residence in Erie,
3 Pennsylvania.

4 34. Plaintiff Pamela Ramlochan is an individual with a primary place of residence in
5 Englewood, New Jersey.

6 35. Plaintiff Hana Shmuel is an individual with a primary place of residence in Rego
7 Park, New York.

8 36. Plaintiff Rami Shmuel is an individual with a primary place of residence in Rego
9 Park, New York.

10 37. Plaintiff Jacqueline Thurmond is an individual with a primary place of residence in
11 Milwaukee, Wisconsin.

12 38. Plaintiff Stephen Vella is an individual with a primary place of residence in
13 Colonial Beach, Virginia.

14 39. On information and belief, Defendant William D. Goodrich, Attorney, Inc. is a
15 California corporation registered to an address in Irvine, California and with offices in Costa
16 Mesa, California, Tarrytown, New York, and Uniondale, New York. Defendant Goodrich Law
17 purports to offer, among other services, loan modification assistance and foreclosure assistance.

18 40. On information and belief, Defendant William Dennett Goodrich is an individual
19 with a primary place of residence in California. Defendant Goodrich is the principal of William
20 D. Goodrich, Attorney, Inc. (Defendants Goodrich and Goodrich Law are together referred to
21 herein as the “Goodrich Defendants”.)

22 41. On information and belief, Defendant Goodrich Law is the alter ego of Defendant
23 Goodrich. Goodrich is the sole owner of Goodrich Law, which he uses as an instrumentality for
24 conducting his personal business. Defendant Goodrich is the sole beneficiary of the unlawful
25 proceeds that Defendant Goodrich Law derived from its scam. It would be inequitable for
26 Defendant Goodrich to hide behind the corporate form to evade personal liability for the harm
27 caused to Plaintiffs.

28 42. On information and belief, Defendant Apex Members, LLC is an inactive Nevada

1 limited liability company with offices in Henderson, Nevada and Tustin, California. Defendant
2 Apex purports to offer, among other services, forensic mortgage audits and loan modification
3 assistance.

4 43. On information and belief, Defendant Madhulika Baid is an individual with a
5 primary place of residence in Nevada. Defendant Baid is the sole manager of Apex Members,
6 LLC. (Defendant Baid and Apex are together referred to herein as the “Apex Defendants”).

7 44. On information and belief, Apex is the alter ego of Baid. Baid is the sole owner of
8 Apex, which she uses as an instrumentality for conducting her personal business. Baid is the sole
9 beneficiary of the unlawful proceeds that Apex derived from its scam. It would be inequitable for
10 Baid to hide behind the corporate form to evade personal liability for the harm caused to
11 Plaintiffs.

12 45. The true names and capacities of the Defendants identified only as DOES 1
13 through 99 (“Doe Defendants” or “Doe Defendant”) are unknown to Plaintiffs at this time.
14 Plaintiffs will amend this Complaint to insert the true names and capacities of the Doe Defendants
15 when such are finally ascertained. Plaintiffs are informed and believe, and thereon allege, that
16 each of the fictitiously named Doe Defendants is liable to Plaintiffs for the acts, events, and
17 occurrences alleged herein as a result of said Doe Defendants’ relationship to the named
18 Defendants or participation in said acts, events, and occurrences, or approval or ratification
19 thereof. In particular, Does 1-25 are attorneys or law offices that performed legal services for the
20 named Defendants and conspired with, aided and abetted, or otherwise assisted or knowingly
21 permitted, the named Defendants to carry out their schemes and the unlawful conduct alleged
22 herein. Does 26-50 are real estate agents, brokers, salespeople, and/or staff members who worked
23 for the named Defendants, and conspired with, aided and abetted, or otherwise assisted or
24 knowingly permitted the named Defendants to carry out their schemes and the unlawful conduct
25 alleged herein. Does 51-75 are persons or entities to whom the illicit profits and fruits of the
26 named Defendants’ schemes and unlawful acts were transferred, or who assisted, aided and/or
27 abetted in the transfers, or in the acquisition, use, or disposition of the property resulting from
28 such transfers. Does 76-99 are individuals or entities that conspired with, aided and abetted, or

1 otherwise assisted or knowingly permitted, the named Defendants to carry out their schemes and
2 the unlawful conduct alleged herein.

3 46. Plaintiffs are informed and believe, and thereon allege, that each of the Defendants
4 was at all times the alter ego, agent, employee, servant, or representative of each of the other
5 Defendants, and was acting, at least in part, within the course, scope, and authority of said
6 relationship, or participated in some manner in the other Defendants' wrongful acts, conspired
7 with the other Defendants to engage in such acts, or aided and abetted the named Defendants to
8 commit such acts, or was otherwise the recipient of the other Defendants' ill-gotten gains. Each
9 Defendant ratified the conduct of the other named Defendants.

10 **JURISDICTION AND VENUE**

11 47. The Court has jurisdiction over this action pursuant to Section 410.10 of the
12 California Code of Civil Procedure because Defendant Goodrich resides in and regularly transacts
13 business in Orange County, California, and Defendant Baid regularly transacts business in
14 Orange County, California. Defendant William D. Goodrich, Attorney, Inc. is incorporated in
15 California and maintains offices in Orange County, California. Defendant Apex Members, LLC
16 maintains offices in Orange County, California.

17 48. Venue in this Court is proper pursuant to Code of Civil Procedure Section 395(a)
18 because, on information and belief, Defendants are located and/or transact business in Orange
19 County.

20 **PLAINTIFFS' EXPERIENCES**

21 **Vernon and Kathy Bredeson**

22 49. Plaintiffs Vernon and Kathy Bredeson are a married couple living in Dalton,
23 Georgia.

24 50. Mr. Bredeson, who has been disabled since 2006 and suffers from a severe heart
25 condition and hip problems, and Mrs. Bredeson, who is employed as a machine operator in a
26 carpet mill, have two mortgages on their residence.

27 51. In or about January 2011, the Bredesons saw a television advertisement for
28 Goodrich Law inviting viewers who needed help with their mortgage to call the firm. The

1 Bredesons then called the number from the advertisement and spoke with an individual named
2 Ron Aglio of Goodrich Law in New York.

3 52. Mr. Aglio told the Bredesons that Goodrich Law could help them and could
4 probably reduce their payments on their first loan by \$200 and on their second loan by \$100. He
5 also informed them that Goodrich Law had “never lost a case.”

6 53. Based on these representations, the Bredesons decided to hire Goodrich Law.
7 Shortly after their call with Mr. Aglio, on or about February 7, 2011, the Bredesons signed a
8 contract for loan modification services with Goodrich Law. They were charged \$2,490 for loan
9 modification services and paid \$2,232 of that amount. The Bredesons paid an upfront fee of
10 \$250, and the remainder of the amount due was deducted from their bank account in monthly
11 installments over approximately eight months.

12 54. At the time they first spoke with Mr. Aglio, the Bredesons were not behind on
13 their mortgage payments. When Mr. Aglio learned this fact, he instructed them to “get behind.”
14 Following this advice, the Bredesons stopped making mortgage payments for two months. Mr.
15 Bredeson was in the hospital when they received a notice from the bank informing them that if
16 they got three months behind, the bank would foreclose on their property. The Bredesons started
17 making payments again but were never able to catch up; they remain two months behind today
18 and have been paying late fees for many months.

19 55. The Bredesons’ case file was quickly transferred from New York to affiliated
20 Apex in California. The Bredesons’ primary contact at Apex was Jim Atkins, their “assigned
21 negotiator.” Mr. Bredeson contacted Apex every 2-3 months, and was always told that Apex
22 would get back to him; but it never did. Every time Mr. Bredeson called, he spoke with a new
23 person with no knowledge of the status of his loan modification.

24 56. In addition to being told not to make their mortgage payments, the Bredesons also
25 were told not to contact their bank; Apex informed them that it was handling everything.
26 Nevertheless, every time Mr. Bredeson contacted Apex, Apex was unable to give him answers
27 about the progress of his loan modification. His calls frequently went unanswered and
28 unreturned. Apex never obtained a loan modification for the Bredesons.

57. As a result of the Bredesons' dealings with Defendants Goodrich Law and Apex, they suffered financial and emotional harm. In addition to the loss of \$2,232, they incurred late fees and lost valuable time which could have been used negotiating with their mortgage servicer directly.

Joyce Landry

58. Plaintiff Joyce Landry is a 60-year-old woman living in Houston, Texas.

59. Ms. Landry, a self-employed claims adjuster, purchased her current home, located at 16218 Corsair Road, Houston, Texas, in 2001 with a mortgage for \$44,000 from GMAC. She lives with her grandson.

60. Ms. Landry began to have difficulty making her mortgage payments in 2011 after she was laid off from her job as a claims adjustor. She sought to obtain a loan modification on her own in mid-2011, but she learned, via a letter dated September 2, 2011, that her application had been rejected by GMAC because GMAC was “unable to reduce [her] interest rate, extend the loan term, or defer principle [sic] enough to reach an affordable payment under the HAMP criteria.”

61. In August 2011, Ms. Landry learned about Apex Members, LLC when she came across the company's website while performing an internet search for loan modification help. Thereafter, she called Apex to learn more about the company's loan modification assistance services. At that time, she was two months behind on her mortgage payments, due to her reduced income from her job loss.

62. When she called Apex, Ms. Landry spoke to a company representative, who guaranteed that Apex would be able to obtain a loan modification for Ms. Landry and promised a refund if she did not obtain a loan modification. Apex, the representative claimed, knew how to approach lenders to successfully obtain modifications and had a 90% success rate. The representative further indicated that Ms. Landry would get a modification within sixty days. The representative stated that Ms. Landry's interest rate would be lowered to two or three percent, that her monthly payments would be reduced, and that any missed payments would be added to the back end of her mortgage. Finally, the representative told Ms. Landry not to worry about

1 foreclosure, as the bank would not foreclose on her while Apex was seeking a modification on her
2 behalf, and she would be safe from calls for collection from her lender.

3 63. Based on these representations, in late August of 2011, Ms. Landry agreed to hire
4 Apex to perform a loan modification on her behalf. The fee was \$2,990, which consisted of a
5 \$990 upfront fee, followed by eight monthly payments of \$250.

6 64. Ms. Landry did not have the \$990 to make the upfront payment, so she took out a
7 loan to procure the money. On August 30, 2011, Apex initiated and completed an ACH debit
8 from Ms. Landry's account for \$990.

9 65. Apex told Ms. Landry that she should not worry about making loan payments, and
10 it also told her to refer any contacts from GMAC to Apex.

11 66. Ms. Landry received a letter from GMAC dated August 30, 2011 indicating that
12 her lender had received an authorization allowing GMAC to provide account information to
13 William D. Goodrich, Attorney at Law.

14 67. On September 2, 2011, Apex sent Ms. Landry the various "Processing
15 Documents" that she needed to fill out and send back to it.

16 68. Apex indicated that it intended to work in conjunction with William D. Goodrich,
17 Attorney at Law, which was the company's lawyer. Apex's representative told her that Goodrich
18 Law did all of Apex's loan modification work, and that Goodrich Law knew how to address her
19 lender to obtain a modification. Thereafter, Ms. Landry received a letter dated September 2, 2011
20 from Defendant Goodrich, which indicated that Ms. Landry had "been assigned to [Goodrich's]
21 team of professional Loan Negotiators to prepare your modification packet for submission to your
22 lender." The letter further indicated that modification applications were normally processed
23 within 30-90 days after Goodrich Law received signed agreements from clients. The letter stated
24 that Goodrich Law required a fee of \$350 after the modification was accepted by the client, in
25 addition to the fees paid to Apex. Finally, the letter provided contact information, including an
26 email address of apexmembers@goodrichlegalservices.com.

27 69. On September 12, 2011, Ms. Landry sent the requested documents to Apex via
28 facsimile, including signed agreements and various financial documents. Although she did not

1 fully understand what she was signing, and neither Goodrich Law nor Apex explained the
2 agreements to her, she believed that Goodrich Law was a legitimate law firm and therefore
3 trusted the firm to get her a loan modification as Apex had promised.

4 70. On or about September 19, 2011, Ms. Landry received a letter from GMAC
5 indicating that the company was going forward with foreclosure proceedings on her home,
6 scheduled for October 4. Consequently, she contacted Apex to learn the status of her
7 modification application. She attempted to contact Apex by phone several times seeking
8 assurance that Apex was handling the process, as she was concerned about becoming homeless,
9 but she was unable to get a hold of her contact at Apex. She then attempted to reach Apex by
10 email, stating her understanding, based on Apex's representations to her, that the "foreclosure
11 process would be placed on hold while...APEX initiate[d] a loan modification on [her] behalf."
12 She asked for an update on the process.

13 71. Apex never provided a response to Ms. Landry's request for an update.

14 72. After it was clear that Apex and Goodrich Law were not taking adequate steps to
15 obtain a loan modification (indeed, Ms. Landry is unaware of any steps they took, other than
16 obtaining the authorization to access her account information), Ms. Landry attempted to cancel
17 Apex's services. By that time, Ms. Landry had paid a total of \$1,240, consisting of the \$990 fee,
18 plus the first \$250 monthly payment. Despite the cancellation, Apex attempted to take the next
19 \$250 payment from her account, which she prevented by working with her bank and changing her
20 account number.

21 73. Because Apex had not performed the promised services in exchange for her
22 payments, Ms. Landry requested a refund over the phone of the \$1,240 she paid to Apex. The
23 Apex representative rudely told her that Apex would not provide a refund. Ms. Landry has not
24 received a refund to date. Her last contact with the company was in late October 2011.

25 74. Through her dealings with Apex and Goodrich Law, Ms. Landry suffered
26 significant financial and emotional damage. In addition to the \$1,240 she lost directly by her
27 payments to Apex, she is now further behind on her mortgage payments and at greater risk of
28 foreclosure. Her credit score has also decreased substantially. Moreover, because she had to take

1 out a loan to pay Apex in the first place, she has had to pay interest on that loan.

2 **Pamela Ramlochan**

3 75. Plaintiff Pamela Ramlochan is a 44-year-old woman living in Englewood, New
4 Jersey.

5 76. Ms. Ramlochan, an accountant, purchased her current home, located at 29 Armory
6 Street, Englewood, New Jersey, in 2007 with a mortgage for \$342,000, which is serviced by
7 American Home Mortgage Servicing.

8 77. In 2010, Ms. Ramlochan began to have difficulty making her mortgage payments
9 because her income had decreased substantially due to her hours being cut at work. She was able
10 to obtain a mortgage modification on her own in 2010, but the modification was insufficient, such
11 that she was still struggling to pay her mortgage.

12 78. In August of 2010, Ms. Ramlochan again sought to obtain a loan modification on
13 her own, but she was rejected.

14 79. In January 2011, Ms. Ramlochan received an advertisement for loan modification
15 services from William D. Goodrich, Attorney at Law. In response to the mailing, Ms. Ramlochan
16 called Goodrich Law's toll-free number, eventually speaking with a Goodrich Law employee
17 named Jennifer Marra. At that time, Ms. Ramlochan was three or four months behind on her
18 mortgage payments.

19 80. Ms. Marra proceeded to sell Ms. Ramlochan on Goodrich Law's loan modification
20 services. Based on information Goodrich Law already had, Ms. Marra claimed that Ms.
21 Ramlochan was qualified to obtain a loan modification and that she was confident that Ms.
22 Ramlochan would get a loan modification for that reason. She also stated that Ms. Ramlochan
23 would be able to avoid foreclosure; if Goodrich Law could not get her a loan modification, Ms.
24 Marra told Ms. Ramlochan that Goodrich Law would take appropriate legal action to save her
25 home. Ms. Marra also referred Ms. Ramlochan to Goodrich Law's website, where she could read
26 "testimonials" from other clients, which would reassure her that the firm was legitimate.

27 81. Based on Ms. Marra's representations, Ms. Ramlochan agreed to hire Defendant
28 Goodrich Law for a fee of \$3,500, with \$1,500 paid up front followed by two installments of

1 \$1,000 each. Ms. Ramlochan signed a contract for the firm's services, as well as other documents
2 (including an authorization for Goodrich Law to obtain information on her behalf and
3 communicate with her lender). The retainer agreement was specifically limited to "negotiating a
4 possible mitigation of [Ms. Ramlochan's] current home loan situation," and Goodrich Law did
5 not agree to provide any additional services in the agreement.

6 82. Goodrich Law told Ms. Ramlochan not to contact her servicer because, Goodrich
7 Law claimed, doing so might lead to inconsistencies in the story Goodrich Law was conveying in
8 pursuit of the loan modification.

9 83. Goodrich Law requested that Ms. Ramlochan send various documents to the firm,
10 purportedly for the purpose of obtaining a loan modification. These items included the
11 borrower's authorization, as well as a hardship letter, mortgage statements, pay stubs, W-2s,
12 recent bank statements, and a financial worksheet. Goodrich Law's documents indicated that the
13 firm would begin filing for the loan modification within 72 hours of receiving the requested
14 information.

15 84. Ms. Ramlochan sent the requested documents to Ms. Marra via facsimile on
16 February 15 and 18, 2011, including her previous loan modification application.

17 85. On February 23, 2011, Ms. Ramlochan received an email from Ms. Marra
18 indicating that her application for loan modification services had been reviewed by Goodrich
19 Law's legal team and that there were "no conflicts in representing you in your petition for a loan
20 modification." The email further stated that Ms. Ramlochan had a "legitimate hardship," and her
21 income supported a modified payment. In addition, Ms. Marra represented that the attorney had
22 assessed her case, and the cost for the loan modification services would be \$3,500. Ms. Marra
23 also requested various documents from Ms. Ramlochan, including tax returns and bank
24 statements.

25 86. Ms. Ramlochan paid the first \$1,500 to Defendant Goodrich Law via certified
26 check on February 24, 2011, and then paid an additional \$1,000 each month via personal check
27 for the next two months.

28 87. Ms. Ramlochan attempted to work with Goodrich Law to obtain a loan

1 modification. On March 6, 2011, she provided documents to Goodrich Law in response to the
2 firm's additional requests, and Ms. Marra indicated that the Goodrich Law had received the
3 documents.

4 88. Goodrich Law did contact American Home Mortgage Servicing to submit the
5 firm's third-party authorization for Ms. Ramlochan's mortgage, which she learned when the
6 server sent her a letter informing her of the authorization. Ms. Ramlochan is unaware of any
7 other efforts that Defendant Goodrich Law made on her behalf.

8 89. In November 2011, Ms. Ramlochan received a letter dated November 11th
9 indicating that Goodrich Law had been unable to obtain a loan modification. The letter further
10 stated that "there are no further efforts that our office can make on behalf of a loan modification
11 work-out or refinance," despite the earlier promise to take appropriate legal action to save her
12 home from foreclosure if all else failed. The letter also outlined the billable hours purportedly
13 expended on her behalf, asserting that Ms. Ramlochan owed \$650 in addition to the \$3,500 she
14 had already paid. Goodrich Law agreed to waive the balance "due to [her] sensitive case."

15 90. Thereafter, Ms. Ramlochan attempted to contact Goodrich Law to see what else
16 she could do to save her home. No one at Goodrich Law answered or responded to her calls. Ms.
17 Ramlochan sent an email to Ms. Marra on November 18, 2011 indicating her desire to speak to
18 someone about her loan modification. She sent another email on November 21, 2011 expressing
19 the same request. Ms. Ramlochan did not receive responses or calls in response to those emails.

20 91. In addition to Ms. Marra, who was Ms. Ramlochan's primary contact person at
21 Goodrich Law, Ms. Ramlochan also dealt with several other employees. Ms. Ramlochan did not
22 interact with any attorneys, but she understood that Goodrich Law had attorneys who were
23 supposed to work on her behalf. The documents Goodrich Law provided indicated that Goodrich
24 Law was operating out of an office at 150 Paularino Avenue #170 in Costa Mesa, California.

25 92. As a result of working with Goodrich Law, Ms. Ramlochan lost the \$3,500 that
26 she paid to the company, and she also suffered additional harm, both financial and emotional.
27 While Goodrich Law was supposedly working on her modification, she wasted valuable time that
28 she could have used to seek out alternative strategies to save her home. She is now over two

1 years behind on her mortgage payments, and she is in serious danger of losing her home. In
2 addition, her credit score has decreased.

3 **Mary Moore**

4 93. Plaintiff Mary Moore is a 53-year-old woman living in Erie, Pennsylvania.

5 94. Ms. Moore, a maintenance worker for Edinboro University, purchased her home,
6 located at 1014 Silliman Avenue, Erie, Pennsylvania, in 1993 for \$47,900. In October 2006, Ms.
7 Moore refinanced the home with a loan of \$60,000, through Beneficial Mortgage Company
8 (HSBC). When the home was refinanced her partner, Stephanie Watson, was added to the
9 mortgage. The loan for the second mortgage was higher than the first because Ms. Moore and
10 Ms. Watson had co-signed for a family member's car loan, which the family member
11 subsequently did not pay; they borrowed the additional funds to pay off the car loan because that
12 loan was secured by their house.

13 95. In 2009, Ms. Watson abandoned the home, leaving Ms. Moore to pay for the
14 mortgage and all household expenses by herself. This was difficult to do on Ms. Moore's annual
15 salary of approximately \$27,000. Consequently, she began to fall behind on her mortgage
16 payments.

17 96. In October 2010, Ms. Moore was approximately three months behind on her
18 mortgage payments. As a result, she began looking on the internet for possible solutions to her
19 difficulties. She found Defendant Apex via an internet search around this time, and she decided
20 to give Apex a call in hopes that the company would be able to help her.

21 97. When she called Apex, Ms. Moore spoke with Chris Hernandez, a Compliance
22 Consultant for Apex, who gave her additional information about Apex's services and convinced
23 her to sign up for a loan modification through Apex. She also spoke with another Apex
24 employee, an agent named Nick. Apex promised that it would work with her lender to get her
25 interest rate reduced and get her mortgage payment reduced from approximately \$700 a month to
26 approximately \$395 per month, so that her home would be affordable to her. Ms. Moore was told
27 that the entire process would take about six months. Apex also told her that the company's
28 services would help her improve her credit.

1 98. Based on these representations, Ms. Moore agreed to sign up as a “member” of
2 Apex. Mr. Hernandez sent her a packet of information, which contained a list of membership
3 services, the membership agreement for Apex’s services, and a lawyer retainer agreement for
4 William D. Goodrich, Attorney at Law, who was to provide assistance with the loan modification.
5 The packet was provided in a folder, and a logo for the U.S. Department of Housing and Urban
6 Development was on the cover of the folder.

7 99. The documents Apex provided indicated that Goodrich Law was operating out of
8 an office at 626 RXR Corp. Plaza #6669 in Uniondale, New York.

9 100. Ms. Moore signed a contract with Apex Members, LLC in or about mid-December
10 2010. As Ms. Moore went through and signed the various sections of the document using an
11 electronic signature, Mr. Hernandez paraphrased the contractual language for her.

12 101. The contract with Apex made her a “member” of Apex, and Apex was to provide
13 her with loan modification services, as well as be available for consultation. The cost for these
14 services was an initial fee of \$250 to be paid in December 2010, plus a monthly “membership
15 fee” of \$249.09 for the next eleven months, for a total of \$2,989.99. Apex told her that, if she
16 made her payments, she would get a loan modification. Apex also gave Ms. Moore instructions
17 about steps to take with regard to her mortgage. Representatives told her to stop making her
18 mortgage payments, which she did. She also was told that she should not contact her lender and
19 that she should forward any communications from her lender to Apex.

20 102. Also in mid-December 2010, Ms. Moore signed a retainer agreement with William
21 D. Goodrich, Attorney at Law, for loan modification services. The agreement was specifically
22 limited to loan modification services, and Goodrich Law did not agree to provide any additional
23 services. She was required to pay Goodrich Law \$250 upon completion of the loan modification.
24 The Goodrich Law documents, however, included a credit card authorization form requesting that
25 she authorize payment of \$250 to Goodrich Law at that time, which Ms. Moore signed. Ms.
26 Moore also signed a third-party authorization to permit Goodrich Law to contact Beneficial
27 Mortgage on her behalf.

28 103. Thereafter, Ms. Moore advised her lender that she was working with an attorney to

1 get her loan modified. She believed that Apex and/or Goodrich Law had started communicating
2 with Beneficial because she stopped receiving communications from Beneficial.

3 104. Although Ms. Moore had initially worked primarily with Mr. Hernandez, he left
4 Apex, at which point she was passed around to various other employees for service. After she
5 had been working with Apex for several months, it became impossible for her to speak with
6 anyone there. She called Defendant Apex once or twice a week for four months. A typical call
7 went as follows: Ms. Moore would call, and then be put on hold for 10-15 minutes. At that point,
8 she would either be disconnected or put on hold again. This process would continue until she was
9 disconnected. Ms. Moore also sent emails to Apex inquiring as to the status of her loan
10 modification, but she was unable to obtain any useful information.

11 105. Ms. Moore also communicated with several Goodrich Law employees in an effort
12 to obtain a loan modification. Among the Goodrich employees with whom she dealt were Ryan
13 Halder, a Processing Officer, and Larry Scott, a Negotiator. Ms. Moore provided information and
14 various documents to Goodrich Law for use in obtaining a loan modification, including pay stubs
15 and bank statements.

16 106. Neither Apex nor Goodrich Law obtained a loan modification for Ms. Moore. In
17 fact, she is unaware of any services either company performed on her behalf. Her last contact
18 with either company was in June of 2011.

19 107. In addition to losing the \$2,989.99 she paid to Apex and Goodrich Law for loan
20 modification services, Ms. Moore has faced other negative consequences from working with
21 Apex and Goodrich Law and from following Apex's advice to not pay her mortgage.
22 Specifically, Ms. Moore fell further behind on her mortgage payments and is in danger of losing
23 her home to foreclosure. In addition, her credit score has decreased.

24 **Wilton Keller**

25 108. Plaintiff Wilton Keller is a 46-year-old man living in Charlotte, North Carolina.

26 109. In June 2006, Mr. Keller purchased his property, located at 516 Mountain Quail
27 Drive, Charlotte, North Carolina, for approximately \$174,000, and took out a mortgage that is
28 serviced by Wells Fargo.

1 110. In 2010, Mr. Keller worked directly with his bank on a home loan modification,
2 switching his mortgage from an adjustable rate mortgage (ARM) to a fixed 4.2% interest rate.
3 This modification, however, caused his monthly payments to increase by \$100, making it even
4 more difficult for him to stay current on his agreed upon monthly mortgage payments.

5 111. In April 2011, Mr. Keller was suspended—and, in August 2011, laid off—from his
6 job with the Charlotte Area Transit System. In June or July 2011, Mr. Keller had fallen several
7 months behind on his mortgage payments when he received a flyer in the mail. The flyer
8 addressed North Carolina residents and claimed that it could help people save their homes
9 through the “Obama Administration’s Homeowner Affordability and Stabilization Plan.”

10 112. Mr. Keller called the 1-800-number listed on the flyer and spoke with an Apex
11 representative named Mark Loveday. Mr. Keller told Mr. Loveday that he had recently lost his
12 job and was one or two months behind with his mortgage payments. Mr. Loveday said that
13 99.99% of the time, Apex was successful helping homeowners obtain a loan modification and
14 prevent foreclosure. Mr. Loveday explained that Apex worked with an attorney, William D.
15 Goodrich, who would negotiate with the bank on Mr. Keller’s behalf. He estimated that
16 Goodrich could get Mr. Keller’s mortgage payment down to \$800 or \$900 a month within 45
17 days. Mr. Loveday told Mr. Keller not to make any more mortgage payments and to stop talking
18 to Wells Fargo because Apex and Goodrich would be his “voice.”

19 113. Mr. Loveday asked Mr. Keller to pay an upfront fee, make monthly payments, and
20 sign both a Membership Agreement with Apex and an Agreement for Legal Services with
21 Goodrich Law. In reliance on Apex’s representations that it could help him, Mr. Keller signed
22 both agreements, and returned them to Apex. Mr. Keller also gave both Apex and Goodrich an
23 “ACH Payment Authorization Form” with his routing number so that the payments could be
24 automatically deducted from his bank account. The upfront payment to Apex was for \$1,490,
25 which Mr. Keller paid. Mr. Keller also was expected to pay about \$250 a month to Apex
26 thereafter until he had paid a total of \$2,990. At least one payment of \$250 was automatically
27 deducted from his bank account by Apex. He also faxed to Apex numerous financial documents.

28 114. Mr. Loveday put Mr. Keller in touch with Kevin Brown, a paralegal at Goodrich

1 Law. Mr. Brown claimed that he would compile the financial documents Mr. Keller sent to him
2 and handle the negotiations in cooperation with Apex. On or about July 28, 2011, Mr. Brown
3 sent an email to Mr. Keller claiming that he would be the “negotiator assigned to [his] file” and
4 would “prepare modification [sic] packet to be submitted to [his] lender.” Mr. Brown wrote that:
5 “We have advised your lender of our involvement in your matter and have directed that all
6 communication on your matter be through this office. If you should be contacted directly by your
7 lender, you must direct them to contact us.” Mr. Brown also stated that Apex “shall update you
8 periodically on your file.”

9 115. But Mr. Brown soon became difficult to contact and Mr. Keller became impatient
10 with the lack of news. Mr. Keller repeatedly sent and resent financial documents to Mr. Brown,
11 only to be told that he and Apex never received the documents. After two or three months of no
12 progress, Mr. Keller contacted Apex again. He spoke with Mr. Loveday and with Mr. Loveday’s
13 supervisor, Shene Williams. Both claimed that Mr. Keller needed to send additional information.
14 Mr. Keller also contacted Kevin Brown and Brown’s supervisor, Bonnie Maynard. Again, both
15 claimed that Mr. Keller needed to send more documents. Mr. Brown refused to give Mr. Keller
16 the address of Goodrich Law.

17 116. Frustrated, Mr. Keller stopped payment to Apex. At that point, he had already
18 paid at least \$1,740. He demanded a refund, but representatives at Apex said that the request had
19 to be in writing. Mr. Keller demanded a refund in writing in October, November, and December
20 2011, but representatives at Apex and Goodrich Law claimed to never have received any of the
21 written requests.

22 117. After ceasing payments to Apex, Mr. Keller got back in touch with his bank, with
23 which he had been out of contact for six months due to Mr. Loveday’s instructions. To Mr.
24 Keller’s knowledge, no one at Apex or Goodrich Law ever contacted his bank or filed for a loan
25 modification on his behalf. In fact, a representative at his bank told him he had been “scammed.”
26 Mr. Keller resumed negotiations with his bank, but was already so far behind that it was difficult
27 to catch-up and make payments. Mr. Keller believes that if he had never hired Apex, he would
28 have been able to catch-up and make payments; instead, he paid Apex and became even further

1 behind. Moreover, had he not contacted Apex, Mr. Keller believes he might have been eligible
2 for another program. Now, he is so far behind on his mortgage payments that he no longer
3 qualifies for most homeowner assistance programs.

4 118. Mr. Keller's house has gone through foreclosure. He received a notice of default
5 and a notice of sale in early 2012, but was able to get the sale pushed back at court dates in March
6 and June. The house was ultimately sold at foreclosure in September 2012, and is currently going
7 through the "upset bid" process. Mr. Keller is currently living in the home with his four-year-old
8 twin daughters pending receipt of a final notice to leave the premises.

9 119. As a result of working with Defendants Apex and Goodrich Law, Mr. Keller has
10 lost at least \$1,740 that he paid to them, and also has accrued a year's worth of late fees on his
11 mortgage, fees for a property inspection that the bank performed in preparation for selling the
12 house, and mental anguish. He had a mild heart attack earlier in the year due to all the strain, and
13 remains "mentally drained."

14 **James and Ok Beebe**

15 120. Plaintiffs James and Ok Beebe are a married couple currently living in Olympia,
16 Washington.

17 121. In 1997, the Beebes purchased their property, located at 1212 Solar Court NE,
18 Olympia, Washington, for approximately \$109,000, and took out a mortgage that is serviced by
19 Flagstar Bank.

20 122. Mr. Beebe is disabled and has been unemployed since April 2011. He receives
21 monthly Social Security disability payments.

22 123. In October 2011, the Beebes began looking at options for obtaining a loan
23 modification. The Beebes were not behind on their mortgage payments at the time. Mrs. Beebe,
24 however, had been borrowing money from friends to keep up with the mortgage payments, and
25 the Beebes were eager to obtain a modification so that they would not become further indebted to
26 their friends.

27 124. Mr. Beebe learned about Apex via an internet search and decided to give Apex a
28 call to see if it could help the Beebes obtain a loan modification. Mr. Beebe initially spoke with

1 an Apex representative named Courtney Forden, who then referred him to Josh Clark, another
2 representative. Mr. Clark explained that Apex worked with an attorney, William D. Goodrich,
3 who would help him negotiate a loan modification. Mr. Clark assured Mr. Beebe that it would be
4 no problem to get a loan modification, and that the process usually took about 90 days. He told
5 Mr. Beebe to stop making mortgage payments and to cut off communications with Flagstar Bank.
6 Mr. Clark requested \$1,490 upfront and \$250 a month for four months thereafter, for a total of
7 \$2,490.

8 125. Based on Apex's representations, the Beebes agreed to the payments and
9 completed an ACH Payment Authorization form, after which the upfront payment of \$1,490 and
10 two of the \$250 installments were automatically deducted from their checking account. They also
11 signed and returned to Apex two contracts: a Membership Agreement with Apex and an
12 Agreement for Legal Services with Goodrich Law.

13 126. Apex soon put the Beebes in touch with Stacey Lepcha, who claimed to be an
14 attorney working with Goodrich Law. The Beebes are not sure what, if any, services Ms. Lepcha
15 provided. Ms. Lepcha repeatedly requested, and the Beebes repeatedly sent, numerous financial
16 documents, and she claimed to be negotiating with the bank. In fact, any time the Beebes spoke
17 with Ms. Lepcha, which was rarely because she proved difficult to contact, she would request
18 additional documents, which they would send. The Beebes estimate that they spent
19 approximately \$150 faxing documents to Apex.

20 127. The Beebes soon became frustrated with the lack of any discernible work on their
21 loan modification and the runaround they were receiving from Apex and Goodrich Law, so they
22 decided to contact their bank directly. When Mr. Beebe spoke with a loan modification officer
23 there, the officer told him that the bank does not work with third-parties to secure loan
24 modifications. At that point, the Beebes became suspicious of Ms. Lepcha's claim that she was
25 negotiating with the bank on their behalf. So, in January 2012, the Beebes cut off payments to
26 Apex.

27 128. Due to their experience with Apex and Goodrich Law, the Beebes lost the \$1,990
28 they paid to Apex and Goodrich Law and are currently six months behind on their mortgage

1 payments. Recently, however, the Beebes worked with their bank directly to obtain a loan
2 modification, rolling their late fees into the mortgage, reducing their payment, and giving them a
3 1.25% interest rate. This modification occurred without any help or involvement from Apex or
4 Goodrich Law. The bank recently reneged on the lower monthly payment term, but the Beebes
5 are still negotiating with the bank to reinstate the lower monthly payment term. Without this
6 modification, the Beebes believe they are about 30 days from foreclosure.

7 **Leslie and Elizabeth Bates**

8 129. Plaintiffs Leslie and Elizabeth Bates are a married couple living in Hamilton,
9 Missouri.

10 130. In August 2008, the Bateses purchased their property, located at 309 South
11 Johnson Street, Hamilton, Missouri, for approximately \$102,000, and took out a mortgage that is
12 serviced by Bank of America.

13 131. By trade, Mr. Bates is a mechanic, and Mrs. Bates works at a hospital. During
14 2011, however, Mr. Bates was forced to go on disability for 6 months because of a shoulder
15 injury. Mrs. Bates also has been out of work while she battles breast cancer. As a consequence,
16 their combined income has been greatly reduced over the past two years.

17 132. In May 2011, the Bateses received a “cold call” from Mimi Kim, a representative
18 for Apex. Ms. Kim identified Apex as a subsidiary of William D. Goodrich, Attorney, Inc., and
19 that William D. Goodrich was the attorney for Apex. Ms. Kim told the Bateses that their lender,
20 Bank of America, had referred them to Apex and told Apex that they would be interested in a
21 loan modification. To the Bateses, this sounded credible based on Ms. Kim’s knowledge of their
22 mortgage with Bank of America.

23 133. During this conversation, Ms. Kim claimed that Apex and Goodrich Law had
24 helped a lot of people lower their interest rates and mortgage payments, and that Apex and
25 Goodrich Law could do the same for the Bateses. Ms. Kim guaranteed that Apex and Goodrich
26 Law could obtain a loan modification for the Bateses with an interest rate in the range of 0-4%.
27 At the time, the Bateses had an interest rate in the 8-9% range, but they were current on their
28 mortgage payments. This was an attractive proposition because of their reduced income

1 stemming from Mr. Bates's disability and Mrs. Bates's illness.

2 134. Ms. Kim also claimed that Apex and Goodrich Law were affiliated with the
3 "Obama Plan," and that this was a part of a federal government plan to help distressed
4 homeowners. Ms. Kim, however, emphasized that Bateses' bank would not help them if they
5 tried to obtain a loan modification themselves. Thus, she advised the Bateses not to contact Bank
6 of America and reassured them that Apex and Goodrich Law would handle everything. Ms. Kim
7 also advised the Bateses to stop making their mortgage payments because doing so would make it
8 easier to obtain a loan modification.

9 135. Ms. Kim explained that for providing the loan modification services, Apex and
10 Goodrich would require an upfront fee of \$740, with monthly payments of \$250 thereafter until a
11 total of \$2,990 had been paid. Trusting Apex's representations that it could help them, the
12 Bateses authorized Apex and Goodrich Law to make automatic bank withdrawals, and on May
13 20, 2011, Apex and Goodrich Law deducted \$740 from their bank account. The Bateses also
14 signed a Membership Agreement with Apex and an Agreement for Legal Services with Goodrich
15 Law.

16 136. Shortly thereafter, on a trip to visit their son, the Bateses began to hear various
17 radio advertisements warning people about loan modification scams, and they immediately
18 became suspicious of Apex and Goodrich Law. When they returned home from visiting their son,
19 the Bateses tried to put a stop payment on the \$740 upfront fee demanded by Apex and Goodrich
20 Law, but it had already gone through. Mr. Bates then tried to contact Ms. Kim by telephone to
21 request a refund, but to no avail. Mr. Bates also made a request for a refund in writing, but never
22 heard back.

23 137. The Bateses then contacted Bank of America directly, and the representative told
24 them that Bank of America had never heard from anyone at Goodrich Law or Apex. The bank
25 representative also told them that they had likely been a victim of a scam. To the best of the
26 Bateses' knowledge, Apex and Goodrich Law performed no services for them.

27 138. Luckily, the Bateses did not follow Ms. Kim's advice to cease making mortgage
28 payments. However, the loss of \$740 greatly harmed them, and the Bateses eventually fell

1 behind on their mortgage payments as a result.

2 139. The Bateses were ultimately able to obtain a loan modification by working with
3 Bank of America directly. Their interest rate was reduced to approximately 4.7%, and they were
4 able to avoid foreclosure.

5 **Hana and Rami Shmuel**

6 140. Plaintiffs Hana and Rami Shmuel are a married couple living in Rego Park, New
7 York with two adult children.

8 141. In 1999, the Shmuels purchased their property, located at 62-14 Cromwell
9 Crescent, Rego Park, New York, with a \$400,000 mortgage currently serviced by Wells Fargo
10 Bank.

11 142. The Shmuels own a car repair business. In addition, Mrs. Shmuel worked as a real
12 estate agent. They began having trouble paying their mortgage when the economy slowed and
13 Mrs. Shmuel lost her job.

14 143. They directly contacted Wells Fargo four to five times seeking a loan
15 modification. They were denied each time, ostensibly because of a history of late payments.

16 144. By the end of 2010, the Shmuels were two months behind on their mortgage
17 payments. Desperate for help, they turned to Goodrich Law, from which they had received a
18 flyer in the mail advertising loan modification services. The Shmuels called the toll-free number
19 listed on the flyer and reached a woman named Sunny Green. Ms. Green guaranteed that
20 Goodrich Law could help the Shmuels obtain a loan modification. Representing that Goodrich
21 Law's program was part of the "Obama Plan," Ms. Green promised that Goodrich Law could
22 lower the Shmuels' interest rate from 7% to 3-4%. Ms. Green was very persistent and persuasive
23 and, with these representations, convinced the Shmuels to hire Defendant Goodrich Law.

24 145. Goodrich Law charged the Shmuels an upfront fee of \$2,500, which they paid by
25 automatic debit. The Shmuels signed an Agreement for Legal Services with Goodrich Law. At
26 the request of Goodrich Law, ostensibly in furtherance of their loan modification application, they
27 filled out and submitted various documents to Goodrich Law, including monthly income and
28 expense worksheets and asset information.

1 William D. Goodrich.

2 155. Mona further represented that Apex and Goodrich Law had extensive experience
3 obtaining loan modifications, had never had a problem obtaining them, and would be able to get
4 Ms. Thurmond a loan modification within four to nine months. Mona estimated that Goodrich
5 Law would be able to get Ms. Thurmond's monthly payments down to \$250-300 at a 1% fixed
6 interest rate. Based on these representations, Ms. Thurmond agreed to hire Apex and Goodrich
7 Law, and signed a "Membership Agreement" with Apex and a "Mortgage Modification Service
8 Agreement" with Goodrich Law.

9 156. Apex charged Ms. Thurmond \$2,990 for the services it promised to provide. Apex
10 established a payment plan by which Ms. Thurmond would pay an initial fee of \$740, eight
11 monthly payments of \$250, and a final \$350 payment. Ms. Thurmond made the initial payment
12 of \$740, followed by two monthly payments of \$250, for a total of \$1,240.

13 157. Mona instructed Ms. Thurmond to stop making mortgage payments and to stop
14 talking directly with her servicer. Mona explained that Goodrich Law would speak to Ms.
15 Thurmond's servicer on her behalf, and that any missed payments would be added to the end of
16 her mortgage.

17 158. Ms. Thurmond provided Apex and Goodrich Law with the extensive
18 documentation that they requested. Despite Ms. Thurmond providing everything requested, Apex
19 would contact her every few weeks and request further information. Ms. Thurmond provided all
20 the information requested.

21 159. Despite Ms. Thurmond's cooperation, Apex and Goodrich Law provided no
22 services to her. They did not contact her servicer. They did not apply for a loan modification on
23 her behalf.

24 160. Ms. Thurmond became suspicious of Apex and Goodrich Law when no progress
25 was made towards her promised loan modification. She also spoke with a HUD counselor and
26 learned that she did not need to pay for loan modification services.

27 161. For these reasons, Ms. Thurmond stopped paying Apex and Goodrich Law and
28 demanded a refund. She spoke with an agent named Duncan, who promised that he would look

1 into getting her a refund. Ms. Thurmond never heard back from Duncan or from any other agent
2 regarding her request for a refund. Ms. Thurmond called again to seek a refund in October 2011,
3 but the telephone number she had previously used to contact Apex was disconnected.

4 162. Ms. Thurmond suffered financial and emotional harm because of her dealings with
5 Apex and Goodrich. In addition to the loss of \$1,240, she lost valuable time which could have
6 been used to negotiate with her servicer directly.

7 **Stephen Vella**

8 163. Plaintiff Stephen Vella is a 52-year-old man living in Colonial Beach, Virginia.

9 164. Mr. Vella purchased his current home, located at 7530 Leedstown Road, Colonial
10 Beach, Virginia, in November 2007 with a mortgage for \$316,000 from Chase.

11 165. In 2009, Mr. Vella began to have difficulty making his mortgage payments due to
12 the economic downturn, which resulted in his employer, a printing company, reducing his pay
13 and hours and, thus, his income. He was able to obtain a mortgage modification from Chase on
14 his own in 2009, but the modification was insufficient, such that he was still struggling to pay his
15 mortgage.

16 166. In early 2011, Mr. Vella received a mailing from Goodrich Law advertising loan
17 modification services. At the time, Mr. Vella was current on his mortgage payments, but, given
18 his continued difficulty in making his payments, he decided to contact Goodrich Law.

19 167. Mr. Vella called Goodrich Law, and he initially spoke with Matt Ward. Mr. Ward
20 proceeded to attempt to convince Mr. Vella to sign up for Goodrich Law's services. Mr. Ward
21 spoke about Goodrich Law's history of past successes, including its success rate and the number
22 of modifications Goodrich Law had obtained.

23 168. In March 2011, Mr. Ward requested that Mr. Vella send in some initial
24 information, which would allow Goodrich Law to determine whether he was qualified for a loan
25 modification. Mr. Vella provided the requested information. Mr. Ward subsequently told Mr.
26 Vella that Goodrich Law had reviewed that information and determined that he was qualified for
27 a loan modification. Mr. Ward told Mr. Vella that Goodrich would be able to get his monthly
28 mortgage payment reduced from \$1,850 down to \$1,100 or even \$1,000. It was Mr. Vella's

1 understanding at that time that he did not meet the qualifications for a loan modification, and he
2 informed Mr. Ward of this understanding. Mr. Ward, however, told Mr. Vella that Goodrich Law
3 was able to pursue additional avenues because it was a law firm.

4 169. Based on Mr. Ward's representations, Mr. Vella agreed to hire Defendant
5 Goodrich Law. The fee for Goodrich Law's services was at least \$2,500, which Mr. Vella paid in
6 installments between March and May 2011. He also signed a contract for Goodrich Law's
7 services.

8 170. Goodrich Law instructed Mr. Vella to stop making his mortgage payments to
9 Chase, which he did starting in April 2011. He was also told not to contact his lender, ostensibly
10 because Goodrich Law would be handling all such communications, and any contacts from him
11 might lead to inconsistencies in the story.

12 171. After he had signed up for Goodrich Law's services, Mr. Vella began dealing with
13 Mona Persaud, a processor for Goodrich Law. At Ms. Persaud's request, Mr. Vella sent various
14 documents she claimed Goodrich Law needed in order to process the loan modification request.

15 172. Mr. Vella dealt with Ms. Persaud for several months, beginning in late-March
16 2011.

17 173. Beginning in March 2011 and continuing through February 2012, Mr. Vella
18 communicated regularly with Goodrich Law related to the progress of his modification and
19 provided numerous documents at their request, often repeatedly. He also regularly encouraged
20 Goodrich Law to contact Chase in an attempt to reach a modification arrangement or settlement
21 with Chase.

22 174. In May 2011, Mr. Vella received a letter from an attorney in Virginia Beach
23 indicating that his home was going into foreclosure. He informed Ms. Persaud of this fact on
24 May 18.

25 175. In June or July 2011, Ms. Persaud informed Mr. Vella that Chase would reinstate
26 his loan if he paid 25% of the past-due payments, which would have required him to pay
27 approximately \$7,000. He was able to make the payment at that time, so he instructed Ms.
28 Persaud to accept that deal. She refused to do so, claiming that Goodrich could take other steps to

1 save his home.

2 176. By July 2011, Ms. Persaud had apparently left Goodrich Law, and Maria Delgado
3 replaced her as Mr. Vella's processor.

4 177. In July 2011, Mr. Vella's employer began periodic furloughs, resulting in a
5 significant decrease in his income. He told Ms. Delgado this information and offered to provide
6 proof, which he believed would be relevant to his loan modification. Ms. Delgado seemed to
7 view this information as irrelevant. A similar situation happened again several months later, and
8 Goodrich Law had a similar reaction when Mr. Vella informed them.

9 178. On November 3, 2011, Ms. Delgado sent Mr. Vella an email stating the following:
10 "I DO NEED TO ADVICE [sic] WE NEED TO SHOW MORE INCOME AS RENTAL
11 INCOME FOR \$500 MORE A MONTH YOU CAN PURCHASE A MONEY ORDER FOR
12 THAT AMOUNT MAKE IT PAYABLE FOR [sic] YOURSELF AND I WILL TAKE CARE
13 OF THE LEASE AGREEMENT." Mr. Vella sent the money order to Ms. Delgado as requested
14 on November 18. He quickly realized after sending the first money order, however, that she was
15 fraudulently trying to establish that he was renting out a room in his house—which he was not, in
16 fact, doing. Consequently, Mr. Vella refused to send any more money orders. He never received
17 a refund from Goodrich Law of the \$500 money order that he sent.

18 179. In November 2011, Mr. Vella received a notice from Chase indicating that his
19 home would be foreclosed upon because he had missed a number of payments in early 2011. He
20 had, in fact, made those payments. He informed Ms. Delgado that he had made those payments,
21 and she said that she would "finish the modification" for him. Ms. Delgado did contact Chase to
22 postpone the sale date, but she did not obtain a loan modification for Mr. Vella.

23 180. Thereafter, Mr. Vella continued to work with Goodrich Law to obtain a loan
24 modification, providing additional documents whenever requested to do so.

25 181. On February 20, 2012, Mr. Vella received an email from Luz Hilario of Goodrich
26 Law informing him that his file was "in review with [his] lender" and that Chase had not
27 requested any additional documents. She further indicated that Goodrich Law would notify him
28 of any lender feedback upon receipt.

1 182. Other than Ms. Hilario's representations, Mr. Vella never received any indication
2 that Goodrich Law had submitted a loan modification application on his behalf. Despite Ms.
3 Hilario's representations, he did not receive any lender feedback, and he never received a letter
4 from Chase indicating a decision on any loan modification application submitted by Goodrich
5 Law.

6 183. In March 2012, Goodrich Law subcontracted Mr. Vella's file to a company called
7 Nationwide Law Center, where his case was assigned to an attorney named Yvette Brosman and a
8 processor named Attia Khan. This subcontracting resulted in many duplicative interactions, and
9 Mr. Vella had to re-send much of the same information he had previously sent to Goodrich Law.

10 184. On May 22, 2012, Mr. Vella received another email from Ms. Hilario, this time
11 from a Nationwide Law Center email address. Ms. Hilario indicated that Nationwide had
12 "recently had contact with...Chase" and that his file was in "ACTIVE review with No [sic]
13 documents being requested at this moment." She also indicated that she would keep him
14 "informed of ALL lender feedback upon receipt."

15 185. On June 21, 2012, Mr. Vella received an email from Attia Khan of Goodrich Law.
16 Ms. Khan claimed that Mr. Vella's lender had denied him a modification "almost 4 times due to
17 [his] financials" and requesting numerous additional documents, including a new hardship letter,
18 copies of his federal tax returns, bank statements, and a recent utility bill. Mr. Vella sent those
19 documents several days later.

20 186. Despite the statement in Ms. Khan's June 21, 2012 email, Mr. Vella never
21 received a letter from Chase denying any loan modification request.

22 187. Ms. Khan apparently misplaced the documents and information Mr. Vella sent and
23 requested those items again. He re-sent the same documents and information on July 6, 2012, and
24 Ms. Khan indicated on July 9 that she had "received everything and sent to the lender as well."

25 188. Mr. Vella continued to work with Nationwide and Goodrich Law, but they did not
26 obtain a loan modification for him.

27 189. In July 2012, Mr. Vella's home was sold in a foreclosure sale. He still lives in the
28 home, as he is leasing it from Freddie Mac.

1 related services. Plaintiffs performed all or substantially all of their significant obligations under
2 the contract or were excused from such performance because of Defendants' non-performance.
3 Additionally, all conditions required for Defendants' performance had occurred.

4 199. Defendants unfairly interfered with Plaintiffs' right to receive the benefits of the
5 contracts through their wrongful conduct and they damaged Plaintiffs in an amount to be proven
6 at trial.

7 **THIRD CAUSE OF ACTION**

8 **Breach of Fiduciary Duty**

9 *(By Plaintiffs Bates, Beebe, Bredeson, Keller, Landry, Moore & Thurmond Against All
10 Defendants; By Plaintiffs Ramlochan, Shmuel & Vella Against the Goodrich Defendants)*

11 200. Plaintiffs incorporate by reference and restate the allegations contained in
12 Paragraphs 1 through 191 of this Complaint.

13 201. Plaintiffs contractually retained Defendants as their agents to act on their behalf in
14 negotiating home loan modifications, preventing foreclosures, and taking various other related
15 actions for them. Defendants represented that they possessed superior knowledge and skill in
16 obtaining home loan modifications and Plaintiffs in good faith relied upon that representation of
17 superior knowledge or skill in giving Defendants control over Plaintiffs' home modification
18 efforts. As such, Defendants owed Plaintiffs a fiduciary duty to act with the utmost good faith
19 and in their best interests.

20 202. Defendants knowingly acted against Plaintiffs' interests when they did not perform
21 any services as promised. Additionally, Defendants failed to act as a reasonably careful agent
22 would have acted under the same or similar circumstances when and if they attempted to perform
23 any services for Plaintiffs.

24 203. Defendants' wrongful conduct was a substantial factor in harming Plaintiffs, and
25 Defendants damaged Plaintiffs in an amount to be proven at trial.

26 **FOURTH CAUSE OF ACTION**

27 **Fraud**

28 *(By Plaintiffs Bates, Beebe, Bredeson, Keller, Landry, Moore & Thurmond Against All
29 Defendants; By Plaintiffs Ramlochan, Shmuel & Vella Against the Goodrich Defendants)*

30 204. Plaintiffs incorporate by reference and restate the allegations contained in

1 Paragraphs 1 through 191 of this Complaint.

2 205. Defendants made or authorized representations to Plaintiffs regarding Defendants'
3 ability to secure loan modifications for Plaintiffs—including that they had a high rate of success
4 in obtaining loan modifications, that Defendants would negotiate loan modifications with
5 Plaintiffs' lenders, that Defendants were associated with HAMP, the "Obama Administration's
6 Homeowner Affordability and Stabilization Plan" or the "Obama Plan," and that Defendants
7 would provide a refund of all or substantially all of the money they paid if Defendants did not
8 obtain a loan modification on their behalf—among other services, that were false, misleading and
9 misrepresented Defendants' intent.

10 206. These false and misleading statements were material to Plaintiffs' decision to pay
11 substantial amounts of money to Defendants. Plaintiffs reasonably relied on these false and
12 misleading statements to their detriment by paying Defendants the aforesaid money.

13 207. Defendants knew that these statements were false and misleading when they were
14 made, and that the Plaintiffs would rely upon the statements to their detriment.

15 208. Defendants thereby intended to defraud Plaintiffs.

16 209. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs
17 suffered the damages as alleged herein.

18 210. Defendants' conduct was oppressive, fraudulent and malicious and Plaintiffs are
19 entitled to recover punitive damages pursuant to California Civil Code section 3294.

20 **FIFTH CAUSE OF ACTION**

21 **Unfair Competition (Cal. Bus. & Prof. Code § 17200, *et seq.*)**

22 *(By Plaintiffs Bates, Beebe, Bredeson, Keller, Landry, Moore & Thurmond Against All
23 Defendants; By Plaintiffs Ramlochan, Shmuel & Vella Against the Goodrich Defendants)*

24 211. Plaintiffs incorporate by reference and restate the allegations contained in
25 Paragraphs 1 through 191 of this Complaint.

26 212. California's Unfair Competition Law ("UCL"), Business & Professions Code
27 section 17200, *et seq.*, prohibits unfair competition, including any unlawful, unfair, or fraudulent
28 business act or practice.

213. Defendants' acts and practices constitute unlawful and unfair business practices

1 under the UCL, Business & Professions Code section 17200, *et seq.*

2 214. Defendants guaranteed loan modification related services to Plaintiffs, such as
3 securing a loan modification or preventing foreclosure, and misleadingly claimed a high success
4 rate and that they were associated with HAMP, the “Obama Administration’s Homeowner
5 Affordability and Stabilization Plan” or the “Obama Plan.”

6 215. Plaintiffs contracted with and monetarily paid Defendants for these services and
7 reasonably relied on Defendants’ guarantees.

8 216. However, Defendants provided no valuable services to Plaintiffs and refused to
9 refund Plaintiffs’ payments. Rather, Defendants engaged in an unfair pattern and practice in
10 breaching their contracts and/or acting unfairly against Plaintiffs by fraudulently guaranteeing
11 services and loan modifications and then failing to provide any actual services.

12 217. By using a guarantee as a “material inducement” for Plaintiffs to enter into
13 contracts with Defendants—and failing to provide Plaintiffs with the promised money-back
14 guarantee after Defendants failed to perform the promised loan modification services—
15 Defendants engaged in an unfair pattern and practice of breaching the guarantee and/or acting
16 unfairly against Plaintiffs.

17 218. Defendants engaged in “unlawful” business acts and practices by, among other
18 things:

- 19 a. breaching their contracts with Plaintiffs;
- 20 b. violating California Civil Code sections 2944.7(a)(1) and (a)(3) because
21 they demanded advance fees for loan modification services and took power of attorney from
22 Plaintiffs with regard to promised loan modification services;
- 23 c. violating California Civil Code section 3345 because they engaged in
24 unfair or deceptive business practices against disabled persons in violation of California Civil
25 Code section 3345 when they presented form contracts promising loan modifications in order to
26 obtain upfront payments from Plaintiff Vernon Bredeson and Plaintiff James Beebe, but failed to
27 provide any such services;
- 28 d. violating California’s False Advertising Act, Business and Professions

1 Code section 17500, *et seq.*, which prohibits false advertising, in that Defendants made untrue
2 and misleading statements relating to Defendants’ performance of services with the intent to
3 induce consumers to enter into obligations relating to such services, which Defendants knew, or,
4 by the exercise of reasonable care, should have known, to be untrue and misleading;

5 e. operating their business(es) without proper licensing from the California
6 Department of Real Estate and/or deceiving Plaintiffs regarding such licensing;

7 f. charging upfront fees for mortgage assistance relief services, in violation of
8 12 Code of Federal Regulations section 1015; and

9 g. as to the Apex Defendants, violating the California’s Mortgage Foreclosure
10 Consultants Act, Civil Code section 2945, *et seq.*, because the Apex Defendants are foreclosure
11 consultants under California Civil Code section 2945.1, and they engaged in predatory actions,
12 including demanding advance fees from Plaintiffs.

13 219. Defendants engaged in “unfair” business acts and practices by, among other
14 things:

15 a. engaging in conduct where the utility of such conduct, if any, is
16 outweighed by the gravity of the consequences to Plaintiffs; and

17 b. engaging in conduct that is immoral, unethical, oppressive, unscrupulous,
18 or substantially injurious to plaintiffs.

19 220. These actions, individually and collectively, are unlawful, unfair, or fraudulent
20 business acts or practices within the meaning of Business and Professions Code section 17200, *et*
21 *seq.*

22 221. Specifically, Defendants engaged in an “unfair” practice in which they preyed on
23 distressed homeowners by making unsubstantiated guarantees about obtaining loan modifications
24 and demanding advance fees for such services, without actually providing any services.

25 222. Finally, Defendants engaged in “fraudulent” business acts and practices by, among
26 other things, making representations to Plaintiffs regarding Defendants’ ability to secure loan
27 modifications for Plaintiffs—including that they had a high rate of success in obtaining loan
28 modifications, that Defendants would negotiate loan modifications with Plaintiffs’ lenders, and

1 that Defendants would provide a refund of all or substantially all of the money they paid if
2 Defendants did not obtain a loan modification on their behalf—that were false, misleading, and
3 misrepresented Defendants’ intent, or authorized such representations. These acts were likely to
4 deceive Plaintiffs or any party similarly situated, and, in fact, these false and misleading
5 statements were material to Plaintiffs’ decision to pay substantial amounts of money to
6 Defendants.

7 223. Defendants’ unlawful, unfair, or fraudulent business acts or practices caused injury
8 in fact to Plaintiffs, and Plaintiffs lost money and/or property that are subject to restitution.

9 224. Unless Defendants are restrained from continuing these unlawful, unfair, and
10 fraudulent business acts or practices, Plaintiffs and numerous others will suffer irreparable injury.

11 225. Accordingly, Plaintiffs are entitled to equitable relief under Business and
12 Professions Code section 17203 in the form of restitution and injunctions and any other equitable
13 relief permissible under Business and Professions Code section 17203.

14 **SIXTH CAUSE OF ACTION**

15 **False Advertising Under Cal. Bus. & Prof. Code. § 17500, *et seq.***

16 *(By Plaintiffs Bates, Beebe, Bredeson, Keller, Landry, Moore & Thurmond Against All
17 Defendants; By Plaintiffs Ramlochan, Shmuel & Vella Against the Goodrich Defendants)*

18 226. Plaintiffs incorporate by reference and restate the allegations contained in
19 Paragraphs 1 through 191 of this Complaint.

20 227. Defendants publicly disseminated from their California offices advertisements
21 through various media—including the mail, television, the internet, and telephone—to Plaintiffs
22 that contained a statement or statements purporting to provide services to reduce mortgage
23 payments, prevent foreclosures, and/or provide forensic mortgage loan audits.

24 228. Through these advertising methods, Defendants led Plaintiffs and the public to
25 believe that Defendants intended to perform mortgage loan modifications, prevent foreclosures,
26 and provide forensic loan auditing services.

27 229. Defendants’ statements were untrue or misleading, and Defendants did not provide
28 any of these services. Defendants knew, or, in the exercise of reasonable care, should have
known, that these advertisements were untrue or misleading to Plaintiffs and other consumers.

230. Defendants' advertisements concerned real property or personal property, or services related to their disposition or performance.

231. Plaintiffs relied on Defendants' advertisements and statements regarding Defendants' abilities and claims to modify mortgages and to provide other services when entering into contracts. Plaintiffs' reasonable reliance on Defendants' advertisements constituted a substantial factor in the harm Defendants caused Plaintiffs, the amount to be proven at trial.

232. Defendants' acts alleged herein have caused monetary damages to Plaintiffs in an amount to be proven at trial, and have caused, and will continue to cause, irreparable injury to Plaintiffs and numerous others unless and until Defendants are permanently enjoined.

SEVENTH CAUSE OF ACTION

Unfair or Deceptive Practices Against Disabled Persons (Cal. Civ. Code § 3345)

(By Plaintiffs Vernon Bredeson and James Beebe Against All Defendants.)

233. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 191 of this Complaint.

234. Defendants conducted unfair or deceptive business practices against disabled persons in violation of California Civil Code section 3345 when they presented form contracts promising loan modifications in order to obtain upfront payments from Plaintiff Vernon Bredeson and Plaintiff James Beebe (the “Section 3345 Plaintiffs”).

235. Defendants conducted unfair or deceptive business practices against the Section 3345 Plaintiffs when they failed to honor refund requests by the Section 3345 Plaintiffs for upfront fees they had paid, after the Defendants failed to secure loan modifications as promised.

236. Defendants knew or should have known that their conduct was directed at one or more disabled persons.

237. Defendants' conduct caused the Section 3345 Plaintiffs to suffer loss and/or encumbrance of a primary residence, substantial loss of property set aside for retirement, and/or assets essential to their health and welfare.

238. The Section 3345 Plaintiffs affected by Defendants' unfair and deceptive practices are substantially more vulnerable than other members of the public due to Defendants' conduct because of poor health and disability, and actually suffered substantial physical, emotional, and

1 economic damage resulting from Defendants' conduct.

2 239. As a result of these unfair or deceptive acts or practices, the Section 3345 Plaintiffs
3 have suffered and will suffer injury in fact, and have lost money and/or property.

4 240. At all relevant times, the Section 3345 Plaintiffs were disabled persons, as defined
5 by California Civil Code section 1761(g).

6 **EIGHTH CAUSE OF ACTION**

7 **Attorney Malpractice**

8 *(By All Plaintiffs Against Defendant William D. Goodrich)*

9 241. Plaintiffs incorporate by reference and restate the allegations contained in
10 Paragraphs 1 through 191 of this Complaint.

11 242. Defendant William D. Goodrich failed to exercise the degree of care, skill, and
12 diligence commonly possessed and exercised by an ordinary member of the legal community.

13 243. Defendant William D. Goodrich's failure of care, skill, and diligence includes, but
14 is not limited to:

- 15 a. encouraging Plaintiffs to stop paying their monthly mortgage payments;
- 16 b. demanding that Plaintiffs stop communicating with their lenders;
- 17 c. permitting a non-attorney to sign retainers and provide legal advice to
18 Plaintiffs;
- 19 d. permitting a non-attorney to pose as an attorney during client interviews;
- 20 e. repeatedly assuring Plaintiffs that Defendants had been negotiating with
21 Plaintiffs' lenders and advocating on Plaintiffs' behalf, but failing to do so;
- 22 f. misrepresenting the progress of the loan modification applications;
- 23 g. failing to update Plaintiffs on the status of their modifications;
- 24 h. failing to respond to Plaintiffs' requests for information;
- 25 i. submitting bills to Plaintiffs misrepresenting the work being done on
26 Plaintiffs' accounts; and
- 27 j. issuing nonrefundable retainer agreements.

28 244. Defendant William D. Goodrich's statements and actions described above entitle
Plaintiffs to disgorgement of attorneys' fees already paid to Defendants.

NINTH CAUSE OF ACTION
Violation of N.Y. Gen. Bus. Law § 349 (the “Deceptive Practices Act”)
(By All Plaintiffs Against the Goodrich Defendants)

245. Plaintiffs incorporate by reference and restate the allegations contained in Paragraphs 1 through 191 of this Complaint.

246. Defendants conducted a “business” or “furnished a service” as those terms are used in New York General Business Law section 349 (the “Deceptive Practices Act”).

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

248. These practices include, but are not limited to:

- a. misrepresenting to Plaintiffs the nature of the transaction;
- b. falsely representing to Plaintiffs that they were loan modification specialists;
- c. falsely promising that Defendants would engage in negotiations with the Plaintiffs’ mortgage lenders or servicers;
- d. falsely representing to Plaintiffs at the time of their subject transactions that Defendants would help Plaintiffs reduce their monthly mortgage payments;
- e. falsely representing that Defendants would issue refunds if a loan modification was not successfully obtained;
- f. misrepresenting that Defendants would be readily available to address the Plaintiffs’ questions and concerns throughout the course of the loan modification process;
- g. falsely representing that Defendants’ services would be prompt;
- h. misrepresenting the progress of Plaintiffs’ loan modification applications;
- i. misrepresenting Defendants’ level of success in obtaining loan modifications for their clients;
- j. guaranteeing certain positive results;
- k. falsely representing that Plaintiffs were qualified for loan modifications, were good candidates, or were otherwise well-suited for loan modification approval by their

1 lenders;

2 l. falsely advertising “loan modification” services in the course of conducting
3 business, trade, or commerce in the State of New York;

4 m. falsely representing that Defendants were providing legal services;

5 n. falsely representing that Goodrich Law employees and/or agents were
6 under the supervision or direction of counsel;

7 o. falsely representing that Defendants had sufficient capacity to assist the
8 distressed homeowners with whom they contracted, including Plaintiffs, when they knew they did
9 not have that capacity;

10 p. engaging in improper compensation and fee practices in violation of the
11 New York Judiciary Law;

12 q. falsely representing that the “retainer” fee (which by law must be
13 refundable) could not or would not be refunded, notwithstanding failure to perform any services
14 for which it was rendered;

15 r. encouraging Plaintiffs to stop paying their monthly mortgage payments
16 and/or communicating with their lenders or servicers; and

17 s. charging customers an upfront fee for mortgage modification services
18 when this service is typically provided at little or no cost through HUD-approved housing
19 counselors.

20 249. Plaintiffs suffered damages as a proximate result of Defendants’ deceptive acts,
21 accruing various costs (including the cost of upfront and installment fees paid to Defendants) and
22 sustaining other fees, penalties and consequential damages due to Defendants’ nonperformance of
23 loan modification services. But for Defendants’ deceptive acts, Plaintiffs would have worked
24 with a HUD-approved housing counselor for free or commenced negotiations with their lenders
25 for a loan modification with lower monthly payments at an earlier date.

26 250. Defendants’ deceptive scheme involved communications and statements made in
27 New York and, in certain cases, injured Plaintiffs in transactions that occurred in New York.

28 251. Defendants’ practices have had and may continue to have a broad impact on

1 consumers throughout New York State.

2 252. Defendants' statements and actions described above entitle Plaintiffs to increased
3 damages, attorneys' fees and injunctive relief pursuant to New York General Business Law
4 section 349(h).

5 **TENTH CAUSE OF ACTION**
6 **Violation of N.Y. Gen. Bus. Law §§ 350, 350-a ("False Advertising")**
7 *(By All Plaintiffs Against the Goodrich Defendants)*

8 253. Plaintiffs incorporate by reference and restate the allegations contained in
9 Paragraphs 1 through 191 of this Complaint.

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

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

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

18 257. Defendants' false advertising, marketing and promotion, described above,
19 intentionally, deliberately, willfully or knowingly deceive the public and consumers, and confuse
20 or are likely to confuse the public and consumers and to materially mislead consumers as to the
21 nature, characteristics, and/or qualities of Defendants' products and services.

22 258. Consumers have reasonably relied on and/or are likely to reasonably rely on these
23 misrepresentations in making purchasing decisions, and have been injured and damaged and are
24 likely to be further injured and damaged by Defendants' statements and actions described above
25 in violation of New York General Business Law sections 350 and 350-a.

26 259. A reasonable consumer acting reasonably under the circumstances would have
27 believed, as Plaintiffs did, that Defendants' statements regarding the costs, timing, nature, and
28 efficacy of Defendants' services were truthful.

260. Plaintiffs were injured as a result of Defendants' deceptive acts in that Plaintiffs

1 paid a sizeable advance payment for loan modification services and would not have done so
2 absent Defendants' statements relating to the cost, timing, nature, and efficacy of Defendants'
3 services including, but not limited to, the following: that Defendants offered substantive legal
4 review and guidance with respect to the loan modification process; that Defendants' services
5 would be completed in a timely manner; and that Defendants would obtain a loan modification
6 with a certain monthly payment, interest rate, or other terms.

7 261. Defendants' statements and actions described above entitle Plaintiffs to three times
8 their actual damages, reasonable attorneys' fees and injunctive relief pursuant to New York
9 General Business Law section 350-e.

10 **ELEVENTH CAUSE OF ACTION**
11 **Violation of N.Y. Banking Law § 590 (Registration of Mortgage Brokers)**
(By All Plaintiffs Against the Goodrich Defendants)

12 262. Plaintiffs incorporate by reference and restate the allegations contained in
13 Paragraphs 1 through 191 of this Complaint.

14 263. Under New York Banking Law section 590(2)(b), entities or individuals that
15 "engage in the business of soliciting, processing, placing or negotiating mortgage loans for others,
16 or offering to solicit, process, place or negotiate mortgage loans for others" must register as
17 "mortgage brokers" with the Superintendent of the New York State Banking Department
18 ("NYSBD").

19 264. Defendants were in the business of "negotiating" or "offering to...negotiate" the
20 "terms or conditions" of a mortgage loan on behalf of third parties, as those terms are defined in
21 section 590(1)(d).

22 265. At all relevant times, Defendants were not registered with the NYSBD, even
23 though Defendants provided or offered to provide the services of a mortgage broker.

24 266. Defendants' business of "negotiating" or "offering to negotiate" the "terms or
25 conditions" of mortgage loans was not "incidental" to any "legal practice" as those terms are to
26 be understood under section 590(2)(b), and Defendants' loan modification business was not
27 otherwise exempt from section 590's licensing requirement.

28 267. In the course of soliciting Plaintiffs to hire Defendants to perform loan

1 modification services, Defendants represented that they would negotiate the terms and conditions
2 of Plaintiffs' mortgages including, but not limited to, those terms relating to Plaintiffs' interest
3 rates and monthly mortgage payments. Defendants communicated such representations in
4 various forms, including print and electronic advertisements and telephone calls. Defendants also
5 collected information, such as Social Security Numbers and income and debt figures, on which a
6 lender would base a credit decision.

7 268. To the extent Defendants performed any services on behalf of any Plaintiff, those
8 services were limited to attempting to negotiate the terms and conditions of Plaintiffs' mortgages,
9 precisely the activity regulated by section 590.

10 269. Defendants are liable to Plaintiffs for a sum of money not less than the actual fee
11 paid to Defendants and up to four times such sum, as per New York State Banking Law
12 section 598(5).

13 **TWELFTH CAUSE OF ACTION**
14 **Violation of N.Y. Real Property Law § 265-b (Distressed Property Consulting)**
(By Plaintiffs Shmuel Against the Goodrich Defendants)

15 270. Plaintiffs incorporate by reference and restate the allegations contained in
16 Paragraphs 1 through 191 of this Complaint.

17 271. Defendants are "distressed property consultants" within the meaning of section
18 265-b(1)(e).

19 272. Section 265-b(1)(c) defines distressed property "consulting services" as efforts to
20 help a homeowner that include, but are not limited to, "assist[ing] the homeowner to...refinance a
21 distressed home loan" and "sav[ing] the homeowner's property from foreclosure."

22 273. Section 265-b(2) prohibits "distressed property consultants" from engaging in
23 certain activities including, but not limited to, "performing consulting services without a written,
24 fully-executed consulting contract with a homeowner," "charging for or accepting any payment
25 for consulting services before full completion of all such services," "retaining any original loan
26 document," and/or "attempting to induce a homeowner to enter a consulting contract that does not
27 fully comply with the provisions of § 265-b."

28 274. Section 265-b(1)(e)(i) contains an exemption for "attorney[s] admitted to practice

1 in the state of New York when the attorney is directly providing consulting services to a
2 homeowner in the course of his or her regular legal practice.” To the extent Defendants are
3 attorneys admitted to practice in New York, they did not provide direct consulting services to
4 Plaintiffs in the course of their “regular legal practice.”

5 275. Section 265-b(3) requires that “distressed property consulting contracts” comply
6 with specific requirements, including a full-length notice, in prominent type, describing the
7 homeowner’s rights. Defendants’ contracts did not comply with all of the requirements set forth
8 in section 265-b(3).

9 276. Insofar as Plaintiffs own property in New York State, Plaintiffs are “homeowners”
10 within the meaning of section 265-b(1)(a).

11 277. Insofar as Plaintiffs are or have been at times relevant herein in danger of having
12 their homes foreclosed upon because they have one or more defaults under their respective
13 mortgages that entitle the lender to accelerate full payment of the mortgage and repossess the
14 property, Plaintiffs are mortgagors with “distressed home loans” within the meaning of section
15 265-b(1)(d).

16 278. Defendants intentionally or recklessly engaged in conduct that violated section
17 265-b by taking upfront fees prior to completing any distressed property consulting services and
18 by failing to comply with the requirements of distressed property consulting contracts as outlined
19 by section 265-b.

20 279. Defendants have not provided “direct” legal “consulting services” as part of a
21 “regular legal practice.”

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

24 **THIRTEENTH CAUSE OF ACTION**

25 **Injunctive Relief**

26 *(By All Plaintiffs Against All Defendants)*

27 281. Plaintiffs incorporate by reference and restate the allegations contained in
28 Paragraphs 1 through 191 of this Complaint.

282. Unless enjoined, Defendants will continue to engage in their illegal and fraudulent

1 conduct, as described above, which includes, among other things:

2 a. marketing, advertising, offering, selling, or carrying out Mortgage
3 Assistance Relief Services,⁴ or aiding and abetting the marketing, advertising, offering, selling, or
4 carrying out of Mortgage Assistance Relief Services;

5 b. owning, managing, operating, creating, or assisting in the creation of any
6 entity that markets, advertises, offers, sells, or carries out Mortgage Assistance Relief Services;

7 c. being employed by, or serving as a consultant to, any person or entity that
8 sells or carries out Mortgage Assistance Relief Services;

9 d. engaging in unfair competition as defined in California Business and
10 Professions Code section 17200 including, but not limited to:

11 i. charging consumers an upfront fee for Mortgage Assistance Relief
12 Services;

13 ii. misrepresenting to consumers the nature and mechanics of
14 Mortgage Assistance Relief Services;

15 iii. falsely promising to engage in negotiations with consumers'
16 mortgage lenders or servicers;

17 _____
18 ⁴ The term "Mortgage Assistance Relief Services" shall mean any service, plan, or program, offered or provided to
19 the consumer in exchange for consideration, that is represented, expressly or by implication, to assist or attempt to
20 assist the consumer with any of the following:

21 a. stopping, preventing, or postponing any mortgage or deed of trust foreclosure sale for the
22 consumer's dwelling, any repossession of the consumer's dwelling, or otherwise saving the consumer's dwelling
23 from foreclosure or repossession;

24 b. negotiating, obtaining, or arranging a modification of any term of a dwelling loan, including a
25 reduction in the amount of interest, principal balance, monthly payments, or fees;

26 c. obtaining any forbearance or modification in the timing of payments from any dwelling loan holder
27 or servicer on any dwelling loan;

28 d. negotiating, obtaining, or arranging any extension of the period of time within which a consumer
may:

i. cure his or her default on a dwelling loan,

ii. reinstate his or her dwelling loan,

iii. redeem a dwelling, or

iv. exercise any right to reinstate a dwelling loan or redeem a dwelling;

e. obtaining any waiver of an acceleration clause or balloon payment contained in any promissory
note or contract secured by any dwelling; or

f. negotiating, obtaining, or arranging:

i. a short sale of a dwelling,

ii. a deed-in-lieu of foreclosure, or

iii. any other disposition of a dwelling other than a sale to a third party who is not the
dwelling loan holder.

1 iv. misrepresenting the progress of loan modification applications;
2 v. falsely representing that refunds would be issued if the offered
3 Mortgage Relief Services did not succeed;
4 vi. encouraging consumers to stop either paying their monthly
5 mortgage payments and/or communicating with their lenders or servicers; and
6 vii. forming a business or organizational identity or operating as a
7 “doing business as” organization as a method of evading consumers;
8 e. engaging in advertising, marketing, or promoting its services and products
9 in a false, materially misleading, or deceptive manner in the State of California under Business
10 and Professions Code section 17200 and/or section 17500;
11 f. engaging in the operation of any business or practice or sales of goods
12 without the appropriate licenses; and
13 g. engaging in any business or commercial activity without a legally
14 registered and incorporated entity.

15 283. Unless and until so enjoined, the public, especially homeowners currently in debt
16 or seeking loan modifications, will be irreparably injured in that they will continue to be
17 subjected to the illegal and fraudulent conduct of Defendants as described above and will likely
18 suffer similar financial damages as Plaintiffs have.

19 284. Plaintiffs have no adequate remedy at law to prevent or redress this illegal
20 conduct.

21 **PRAYER FOR RELIEF**

22 WHEREFORE, Plaintiffs pray for relief against Defendants as follows:

- 23 1. For compensatory damages as proven at trial;
24 2. For restitution to Plaintiffs of money or property wrongfully taken from them;
25 3. For provisional remedies against Defendants, including a preliminary injunction
26 prohibiting the Defendants from continuing their unlawful acts and unfair acts, or transferring the
27 profits and ill-gotten gains of such acts;
28 4. For permanent injunctions prohibiting the Defendants from engaging in the

1 conduct set forth above;

2 5. For an order of specific performance by the Defendants to honor the guaranty
3 provisions of the form contracts at issue;

4 6. For exemplary damages as permitted;

5 7. For exemplary damages as permitted under the common law (including the
6 Second, Third, and Fourth Causes of Action), under the California Civil Code (including the Fifth
7 and Sixth Causes of Action), under the New York General Business Law (including the Ninth
8 Cause of Action), or under any other statute or rule applicable to the claims set forth above;

9 8. For treble damages as permitted by California Civil Code section 3345, New York
10 Real Property Law section 265-b, New York General Business Law section 350-e, or under any
11 other applicable law;

12 9. For four times the actual fee Plaintiffs Shmuel paid to Defendants as permitted by
13 New York Banking Law section 598(5);

14 10. For a constructive trust against all Defendants over the property wrongfully
15 obtained by Defendants for the benefit of Plaintiffs, requiring any Defendant in possession of
16 monies wrongfully taken from Plaintiffs to hold such monies for the benefit of, and distribute
17 such monies to, Plaintiffs;

18 11. For an accounting of the books and records of Defendants and all persons and
19 entities acting in coordination with Defendants, to determine the amount due from Defendants to
20 Plaintiffs and the location and source of all monies and property obtained by Defendants from
21 Plaintiffs;

22 12. For reasonable attorneys' fees as permitted by the statute(s) set forth above, the
23 parties' contracts (per Cal. Civ. Code, § 1717) and as permitted under California Code of Civil
24 Procedure section 1021.5, or any other applicable legal provision;

25 13. For costs of suit;

26 ///

27 ///

- 1 14. For prejudgment interest at the legal rate; and
2 15. For any other injunctive and equitable relief the Court may deem proper.

3 Dated: November 29, 2012

Respectfully submitted,

4 COOLEY LLP

5 By: /s/Koji F. Fukumura

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7 Bradley A. Lebow (Bar No. 240608)

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26 *will seek *pro hac vice* admission

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1 **DEMAND FOR JURY TRIAL**

2 Plaintiffs Leslie Bates, Elizabeth Bates, James Beebe, Ok Beebe, Vernon Bredeson, Kathy
3 Bredeson, Wilton Keller, Joyce Landry, Mary Moore, Pamela Ramlochan, Hana Shmuel, Rami
4 Shmuel, Jacqueline Thurmond, and Stephen Vella demand a jury trial on all triable issues.

5 Dated: November 29, 2012

Respectfully submitted,

6 COOLEY LLP

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