



FACT SHEET

Williams et al. v. Premiere Loan Services et al.

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

ABOUT Williams et al. v. Premiere Loan Services et al.

Six homeowners from California and Nevada filed a class action complaint, on behalf of themselves and all others similarly situated, against a network of entities and individuals based in Riverside, California who claimed to provide loan modification services. The complaint asserts several causes of action, including breach of contract, unfair competition, elder financial abuse, failure to translate, and fraud. The complaint alleges that the defendants lured vulnerable homeowners into their fraudulent scheme with promises of drastically lowered monthly mortgage payments, claims of very high rates of success, and money-back guarantees. The defendants collected thousands of dollars in fees from the homeowners and did not provide the loan modification services promised. The Plaintiffs now seek monetary and injunctive relief against the Defendants for their damages—and for the damages of all similarly situated homeowners, who comprise the putative class—caused by the Defendants' loan modification scams. Dorsey & Whitney LLP and the Lawyers' Committee for Civil Rights Under Law are representing the plaintiffs in this matter *free of charge*.

Homeowners who believe that they have been victims of a scam, or individuals who have information about a loan modification or foreclosure rescue scam, or a potential scam, are encouraged to report such scams by visiting www.preventloanscams.org and clicking "Report A Scam" or calling 888-995-HOPE (4673). Homeowners in need of help with their mortgage should remember that the best help is free. Homeowners should work with a HUD-approved housing counseling agency and their loan servicer for such assistance.

ABOUT THE PLAINTIFFS

The plaintiffs in *Williams v. Premiere Loan Services* include:

***Dan Hiles* (¶¶ 38-54)**

- Mr. Hiles is a senior citizen who lives in Apple Valley, California.
- Due to a work-related injury in 2005, he was forced to retire early. As a result of his early retirement, his income declined suddenly and he began to struggle to make his monthly mortgage payments.
- At all relevant times prior to his interactions with Premiere, Mr. Hiles was current on his mortgage payments.
- In the summer of 2009, Mr. Hiles contacted Premiere after he saw a billboard advertising the company's loan modification services. He met with Defendant Raed Farraj, who stated that Premiere would obtain a loan modification for him and reduce his monthly mortgage payment from approximately \$1886 to \$951.41.
- Raed Farraj also guaranteed that Premiere would obtain a loan modification for Mr. Hiles, and represented that Premiere had an 80%-90% success rate in obtaining loan modifications.
- Raed Farraj informed Mr. Hiles that the fee for Premiere's services was \$2800, which must be paid before Premiere would begin any work. When Mr. Hiles said he could not afford the fee unless he stopped paying his mortgage, Raed Farraj instructed Mr. Hiles to stop paying his mortgage and instead pay monthly installments to Premiere.
- Mr. Hiles followed Raed Farraj's instructions and stopped making his mortgage payments. He paid Premiere a fee of \$2800 for loan modification services.
- Mr. Hiles also signed a contract with Premiere, in which Premiere represented that it would complete the loan modification process in no more than 120 days and guaranteed a refund absent "successful loan modification performance."
- Premiere told Mr. Hiles not to contact his bank and claimed that it was in contact with his bank, but when Mr. Hiles contacted his bank, he was told that the bank had never received any communications from Premiere regarding a loan modification. Mr. Hiles then tried repeatedly over the next several months to contact Premiere; he left several messages but never received a response.
- Mr. Hiles never received the loan modification promised by Premiere and has not received a refund.

***Maria Cisneros* (¶¶ 70-78)**

- Ms. Cisneros is an 80-year-old woman who speaks only Spanish.

- In January 2010, she received an unsolicited phone call from a representative of NBAA, speaking only in Spanish, regarding services offered by NBAA, including loan modification services.
- Ms. Cisneros met with an NBAA representative at NBAA's offices in Victorville, California, about obtaining a loan modification. She was told that she would have to pay \$1500 in advance, but that the entire amount would be refunded if she did not obtain a loan modification.
- Ms. Cisneros paid the full \$1500 fee to NBAA, and signed a contract for loan modification services that was entirely in English.
- Several months after she paid the \$1500 fee, Ms. Cisneros checked with NBAA regarding her application for a loan modification; she was told that NBAA was in the midst of processing her paperwork.
- After Ms. Cisneros heard nothing from NBAA for several more months, her son visited the NBAA offices in Victorville, California, only to find them closed. He then went to NBAA's offices in Upland, California, and was told that Ms. Cisneros's application was still being processed. In August, 2010, her son went to the Upland office again, only to find it closed.
- Since August 2010, NBAA has not contacted Ms. Cisneros. She has not received a loan modification through NBAA and did not receive a refund of the \$1500 fee.

Shawna Fitch (¶¶ 101-114)

- Shawna Fitch and her husband were on the brink of foreclosure when she sought the services of Emerge in 2009.
- Defendant Larry Foster told Ms. Fitch that the company had a 90% success rate in obtaining loan modifications, and that Emerge would obtain a loan modification for her in 90 days.
- Mr. Foster told Ms. Fitch that she must pay \$3000 in advance for the loan modification services.
- Ms. Fitch paid Emerge \$3000 and soon was unable to reach Mr. Foster through Emerge. She finally reached him via email and requested a refund of the \$3000; he refused to refund her money.
- Ms. Fitch also requested a refund directly from Emerge, but Emerge refused to refund her money.
- Ms. Fitch never received a loan modification or refund from Emerge.

ABOUT THE LEGAL CLAIMS

The complaint alleges various causes of action including:

- **Breach of Contract:** The Defendants are alleged to have breached their contracts with the Plaintiffs and Class Members by failing to perform the services they promised the Plaintiffs and Class Members, and/or failing to refund thousands of dollars in upfront fees obtained from the Plaintiffs and Class Members. (¶¶ 127-131.)
- **Violation of the California Business & Professionals Code § 17200, et seq.** (“Unfair Competition Law”): The Defendants are alleged to have engaged in unlawful and deceptive conduct in violation of the Unfair Competition Law, including failing to reimburse the Plaintiffs and Class Members in accordance with the money-back guarantee; requiring the payment of advance fees; misrepresenting the nature and quality of their loan modification services; misrepresenting the progress of the Plaintiffs’ and Class Members’ loan modification applications, and encouraging the Plaintiffs to stop paying their monthly mortgage payments and/or stop communicating with their lenders/servicers. (¶¶ 132-137.)
- **Statutory Remedies Based on Failure to Translate (Cal. Civ. Code § 1632):** The Defendants are alleged to have engaged in trade or business negotiated primarily in Spanish, Chinese, Tagalog, Vietnamese, or Korean in the course of entering into contracts with certain Plaintiffs and Class Members and failed to deliver a translation of the contract to those Plaintiffs or Class Members, in violation of Cal. Civ. Code § 1632. (¶¶ 138-141.)
- **Unfair or Deceptive Practices Against Senior Citizens (Cal. Civ. Code § 3345):** As to Plaintiffs and Class Members who were 65 years or older at the time of their interactions with Defendants, the Defendants are alleged to have engaged in unfair and deceptive practices against senior citizens, including presenting contracts promising “guaranteed” loan modifications in order to obtain up-front payments, and failing to honor requests to refund payments of upfront fees when the loan modifications were not secured. (¶¶ 142-150.)
- **Fraud:** The Defendants are alleged to have made (or authorized) representations to Plaintiffs and Class Members regarding Defendants’ ability to secure loan modifications for Plaintiffs and Class Members that were false, misleading, and misrepresented Defendants’ intent; Defendants knew the statements were false and misleading and intended that Plaintiffs would rely on them; Plaintiffs reasonably relied—to their detriment—on these misleading statements by paying thousands of dollars to Defendants, for which they received nothing in return. (¶¶ 160-166.)