

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
(Southern Division)**

MELVIN J. PROCTOR, JR.
NADINE M. MCKENZIE-PROCTOR

*
*

And

* CASE NO. 07-cv-01957-RWT

DINA SIMON

*

On behalf of themselves and a class of
others similarly situated

*

Plaintiffs

*

v.

*

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**2nd AMENDED CLASS ACTION
COMPLAINT
FOR DAMAGES &
INJUNCTIVE RELIEF &
DEMAND FOR JURY TRIAL**

METROPOLITAN MONEY STORE CORP.

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And

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FORDHAM AND FORDHAM INVESTMENT
GROUP, LTD.

*

And

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ALI FARAHPOUR

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And

*

DIANE LINDA JONES

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And

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JAMIE ARMAND CLARK

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And

*

JOY JENIS JACKSON

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And

*

KURT FORDHAM

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And

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ALEXANDER JAMIL CHAUDHRY

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And

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JENNIFER MCCALL

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And

*

JOHN DOES 1-50

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Defendants

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**SECOND AMENDED CLASS ACTION COMPLAINT
AND DEMAND FOR JURY TRIAL**

Plaintiffs, Melvin J. Proctor, Jr., Nadine M. McKenzie-Proctor and Dina Simon (collectively, “Plaintiffs”), on their own behalf and on behalf of the Class defined herein, by and through their attorneys Scott Borison and Janet Legg of the LEGG LAW FIRM, LLC, Peter A. Holland of the HOLLAND LAW FIRM, LLC, and Phillip R. Robinson of CIVIL JUSTICE, INC., file this Second Amended Complaint against the Defendants and state as follows:

INTRODUCTION

1. This matter involves the single largest mortgage scam in the Mid-Atlantic history through a massive advertising campaign which has bilked homeowners of millions of dollars of lost equity, threatens these families with imminent foreclosure, and involved the willful participation of so-called real estate professionals—including licensed mortgage broker Metropolitan Money Store, Inc. (hereinafter “MMS or Metropolitan”), its sham affiliated business entity Fordham and Fordham Investments Group Ltd. (hereinafter “F & F”), the principals of Metropolitan and

Fordham, Joy Jackson (hereinafter “Jackson”), Jennifer McCall (hereinafter “McCall”), and Kurt Fordham (hereinafter “Fordham”), Sussex Title, LLC (hereinafter “Sussex”)¹ and its part owners and employees, Alexander Chaudhry, an attorney, (hereinafter “Chaudhry”), Ali Farahpour (hereinafter “Farahpour”) and Wilbur Ballesteros (hereinafter “Ballesteros”)². The participation of each is set forth below.

2. Hundreds of Maryland, Virginia, and District of Columbia families, who thought they had entered into contracts to save their homes from foreclosure and/or were entering into mortgage refinance transactions, did in fact enter into illegal contracts and transactions facilitated by real estate professionals whose sole motive was to enrich their extravagant lifestyles at the expense of hard working homeowners who were cash poor but equity rich in their properties. All of the Defendants against whom this Second Amended Complaint is asserted had superior knowledge of real estate transactions than the Plaintiffs and other class members.

3. The scheme revolved around advising homeowners that they could enter into a foreclosure reversal program. The foreclosure reversal program involved finding straw purchasers to take legal title to the homeowners’ homes and the straw purchasers would then obtain loans to convert the equity into the property into cash. In essence, the transactions were a form of predatory lending since the homeowners gave up substantial equity to obtain money to cure arrearages on their home loans. US Attorney Rod J. Rosenstein has described the scheme as follows:

¹ Sussex is not a defendant in this action. Sussex filed for bankruptcy and the references to it are only to set forth its role in the scheme but not to seek to recover against it or suggest that it is a defendant in this action.

² Ballesteros is not a defendant since he has filed for bankruptcy protection. There is a pending adversary proceeding objecting to any discharge. This Second Amended Complaint does not seek any relief against Ballesteros. .

The [related federal] indictment alleges that the defendants used a ‘foreclosure-prevention’ scheme to cheat homeowners out of the remaining equity in their houses by transferring their homes to straw buyers. The defendants then defrauded lenders by inducing them to make new loans based on inflated appraisals and fraudulent credit applications.

4. This process involved arranging and finding persons to act as a straw purchaser, brokering mortgage loans for the straw purchasers, arranging for the closing of the loans arranged for the straw purchasers and siphoning off the cash proceeds that on paper would be shown as being payable to the homeowner but instead was paid out to the various persons involved in the transaction. In connection with the siphoning off the equity, HUD 1 settlement statements would be prepared that did not accurately reflect who actually received funds from the transactions. As a result, many received proceeds from the transactions without any record of the money being paid to them. Therefore, it was not subject to taxation. As C. André Martin, Special Agent In Charge of the Washington Field Office of the IRS Criminal Investigation unit has explained, “These types of crimes create a significant loss of tax revenue.”

5. According to the criminal indictment in the related matter to this one, the scheme to defraud did not end until June 2007—the same time this action was commenced in state court before transferring to this Court in July 2007.

PARTIES

A. The Named Plaintiffs

6. From November 1999 until April 2007, Melvin J. Proctor, Jr. and Nadine M. McKenzie-Proctor (“the Proctors”) resided at 8604 Sapienza Drive, Fort Washington, Maryland 20744 (“the Proctor Property”). Beginning in 2004, the Proctor Family faced financial difficulties, and fell behind in their mortgage payments owed on the Proctor Property. On or about November 21,

2005, a foreclosure was docketed against the Proctors in the Circuit Court for Prince George's County, CAE05-24499.

7. At all times pertinent to this action Ms. Simon and her children (the "Simon Family") resided at 4506 Hiwassee Drive, Clinton, MD 20735 (the "Simon Property"). The Simon Family was facing financial troubles in 2006, was behind on her mortgage payments and facing foreclosure, and sought the services of a possible refinance with the Metropolitan Money Store Corporation.

B. The Defendants, Sussex Title LLC and Ballesteros³

8. Metropolitan is a Maryland entity that placed advertisements for distressed homeowners, acted as a foreclosure consultant and credit services business, arranged for straw purchasers to obtain title to residences during or incident to a proposed foreclosure proceeding based on representations to homeowners that it will help repair their credit, arranged for mortgages for those straw purchasers in an amount far exceeding the defaulted mortgages on those properties, and then siphoned off substantial amounts of the mortgage proceeds it arranged for itself and its co-conspirators. The straw purchasers would obtain loans through the use of false statements, primarily consisting of false statements on loan applications and in deeds of trust that the straw purchaser would occupy the property at their principal residence for at least a 12 month period. Metropolitan's principal place of business is in Prince George's County, Maryland. Upon information and belief, it is closely affiliated by common ownership with Defendant, Fordham &

³ By previous interlocutory order of this Court, allegations and claims against two other original defendants, Chicago Title Insurance Co. and Southern Title Insurance Corporation were dismissed. Plaintiffs do not reassert those claims in this second amended complaint for this reason but the interlocutory order may be appealable upon entry of a final judgment of this Court.

Fordham Investment Group, Ltd. (“F & F”) which also acts as its agent. Metropolitan and F & F are used by the individual Defendants, Joy Jackson, Jennifer McCall, Kurt Fordham and others to carry out their fraudulent and illegal activities set forth herein.

9. F & F is a sham entity that is paid money from the transactions involved in this case in exchange for no valuable, legal services. The services allegedly to be provided were credit repair services. The credit repair services were offered in violation of both state and federal laws. F & F is a foreclosure consultant which assists its affiliate and principal Metropolitan in its foreclosure consulting and credit repair service business. F & F’s principal place of business is in Prince George’s County, Maryland.

10. Sussex Title, LLC, f/k/a CapTitle (“Sussex”) is not a Defendant but a title company which acted as a regular settlement agent in foreclosure rescue scam transactions orchestrated by Metropolitan and F & F and their principals. Sussex regularly conducted business in Prince George’s County, Maryland. As will be described herein, a major part of the role of Sussex and its owners and employees, Chaudhry, Farahpour and Ballesteros, in the scheme victimizing Plaintiffs was the preparation of documents related to obtention of loans by the straw purchasers, misappropriation of funds or illegal disbursements of funds, treating the transactions as sales when in fact they were refinances, and, in the case of most Marylanders, filing documents thereby violating PHIFA.

11. Diane Linda Jones (“Ms. Jones”) acted as the straw purchaser in the Proctor transaction, took title to the Proctor Property and obtained a mortgage in her name on the Proctor Property in a settlement conducted by Sussex. Chaudhry prepared documents or had documents prepared under his supervision and made disbursements in connection with the transfer of title and

obtention of loans for Ms. Jones. Ballesteros obtained signatures on the documents. Upon information and belief, Farahpour was either directly or indirectly involved in the funding of the transaction, disbursements or supervision of the activities relating to this transaction. Jones took thousands of dollars of the Proctor Family's money, through Metropolitan and F & F, in payment for her illegal actions. Upon information and belief, Ms. Jones is a resident of Prince George's County.

12. Jamie Clark ("Clark") acted as the straw purchaser in the Simon Family's transaction, took title to the Simon Property and obtained a mortgage in his name on the Simon Property in a settlement conducted by Sussex. Chaudhry prepared documents or had documents prepared under his supervision and made disbursements in connection with the transfer of title and obtention of loans for Clark. Ballesteros obtained signatures on the documents. Upon information and belief, Farahpour was either directly or indirectly involved in the funding of the transaction, disbursements or supervision of the activities relating to this transaction. Clark took thousands of dollars of the Simon Family's money, through Metropolitan and F & F, in payment for his illegal actions. Upon information and belief, Clark is a resident of Prince George's County.

13. Joy Jackson ("Jackson") participated in operating, maintaining and furthering the entity known as Metropolitan to commit the fraud and illegal practices complained of herein and is a resident of Prince George's County, Maryland.

14. Jennifer McCall ("McCall") participated in operating, maintaining and furthering the entity known as Metropolitan to commit the fraud and illegal practices complained of herein and is a resident of Prince George's County, Maryland.

15. Kurt Fordham (“Fordham”) participated in operating, maintaining and furthering the entity known as F & F to commit the fraud and illegal practices complained of herein and is a resident of Prince George’s County, Maryland.

16. Alexander J. Chaudhry (“Chaudhry”) actively participated in operating, maintaining and furthering the entity known as Sussex and is a resident of Montgomery County, Maryland. Chaudhry would receive a monthly payment from Sussex based on the funds collected by Sussex that month rather than any salary. Chaudhry supervised and directed, along with Farapour, the day to day operations at Sussex including the work of Wilbur Ballesteros. The payments to Ballesteros for his role in the Metropolitan transactions was deducted as an expense before Chaudhry received his share of the monthly distributions from the operation of Sussex. Chaudhry assigned Metropolitan transactions to Ballesteros. Chaudhry, as more fully set forth below, prepared documents for numerous transactions arranged by MMS (or had the documents prepared under his supervision) and made disbursement of loan proceeds by check or wire. Chaudhry and Farahpour had authority to write checks and wire funds. Chaudhry held meetings with Joy Jackson and others who worked at Metropolitan from time and time. Upon information and belief, at these meetings, the foreclosure reversal program transactions were discussed. When questioned about his involvement with the Metropolitan transactions, Chaudhry has refused to answer questions and has asserted his privilege against self incrimination.

17. Ali Farahpour (“Farahpour”) actively participated in operating, maintaining and furthering the entity known as Sussex and is a resident of Montgomery County, Maryland. Farahpour would receive a monthly payment from Sussex based on the funds collected by Sussex during that month rather than any salary. Farahpour supervised and directed, along with

Chaudhry, the day to day operations at Sussex. The payments to Ballesteros for his role in the Metropolitan transactions was deducted as an expense before Farahpour received his share of the monthly distributions from the operation of Sussex, including the work of Wilber Ballesteros. Farahpour assigned Metropolitan transactions to Ballesteros. Farahpour signed checks disbursing funds in connection with Metropolitan transactions. Farahpour, along with Chaudhry held meetings with Joy Jackson and others who worked at Metropolitan from time and time. Upon information and belief, at these meetings, the foreclosure reversal program transactions were discussed. Farahpour also owned, managed, and operated an entity known as Money Tree Funding LLC, which acted as broker for straw purchasers in transactions involved in the scheme, employed Joy Jackson as a loan origination officer and was affiliated with Metropolitan throughout this scheme. As discussed below, Money Tree Funding acted as broker in two transactions in January, 2005 involving the McCalls which provided a source of funds for Metropolitan to begin its operation. Then Money Tree Funding acted as broker in a March, 2005 transaction.

18. Wilbur Ballesteros (“Ballesteros”) was hired and paid to perform services at the direction of Farahpour and Chaudhry. As directed, Ballesteros actively participated as a settlement agent for the entity known as Sussex and was personally involved in the Proctor Transaction and many of the transactions involving the putative class members. Ballesteros was personally involved in the fraud and illegal practices complained of herein and is, upon information and belief, a resident of Montgomery County, Maryland. Upon information and belief, Ballesteros was paid a salary and received additional payments through an entity known as WB & Associates, LLC.

based on the fees collected from transactions he settled. The payments to Ballesteros were items paid out of the share of monthly proceeds to Farahpour, Chaudhry and Norman.

JURISDICTION AND VENUE

19. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §1331 (Federal Question), and 28 U.S.C. §1367 (Supplemental Jurisdiction).

20. Venue is proper in this District because, under 28 U.S.C. §1391(b), a substantial part of the events giving rise to claims herein occurred within this District and the Defendants all systematically and continually transact business in this District.

FACTUAL BACKGROUND

21. Defendant, Joy Jackson had entered into the mortgage business as a loan originator for mortgage broker entities. Joy Jackson first met Ali Farahpour when she worked for an entity known as Tolbert Financial. Joy Jackson later worked as a loan originator for an entity known as Money Tree Funding, LLC. Money Tree was an entity owned, managed, and controlled by Ali Farahpour to which he received, upon information and belief, profits of over \$30,000 per year for no less than ten years until he relinquished the license in 2008.

22. Joy Jackson formed an association with Jennifer McCall, who also acted as a loan originator. Upon information and belief, Jennifer McCall participated in originating loans brokered by Money Tree Funding.

23. Joy Jackson was also married to Kurt Fordham. Kurt Fordham participated in the straw transactions by acting as a “credit repair consultant” and operated the entity known as F & F. Specifically, F&F received several checks – and on some occasions - wire transfers directly from Sussex from transactions arranged by MMS. On information and belief, only Farahpour

and/or Chaudhry – not Ballasteros - had check signing or wiring authority. If Ballesteros in fact ever had check signing or wiring authority on behalf of Sussex during his employ, such authority was specifically delegated by his supervisors Chaudhry and/or Farahpour

24. Joy Jackson incorporated Metropolitan Money Store Corp. (“Metropolitan”) on September 13, 2004. Metropolitan first obtained a license to function as mortgage lender or broker on April 5, 2006—months after this scheme had commenced. Jackson used, with permission, the broker license of Farahpour’s other company Money Tree Funding to obtain loans for the straw purchasers in the earlier transactions arranged by Metropolitan.

25. Jackson, Fordham and Jennifer McCall, her husband Clifford McCall, and relatives of theirs, in addition to finding and securing the participation of so-called “investors” – that is to say the “straw purchasers” - also acted as straw purchasers. Many of the other straw purchasers, who were also called investors, were former business associates, neighbors, and friends of Metropolitan’s employees and principals. Jackson, Fordham, and many others acted as straw purchasers on more than one property—and often on multiple properties within a period of weeks.

26. To obtain loans, the straw purchasers made false representations in connection with their loan applications. Specifically, straw purchasers were required to falsely state that the mortgage loans extended to them were for the purpose of purchasing a “principal residence” when in fact quite the opposite was true; the loans were being used to “purchase” investment properties which the straw purchasers never intended to live in at all. The lies included statements in executed Deeds of Trust that falsely stated that the straw purchaser would occupy the property for at least 12 months. Further lies included statements as to income, places of employment, and length of

employment. Additionally, the transactions falsely certified on the HUD-1 Settlement statements that the “sellers” had been paid the proceeds from the sale when in fact those sums were taken as fees and other expenses. These misrepresentations were material and relied on by the lenders for the straw purchasers.

27. In addition to the false statements made by Jackson, Fordham, Jennifer McCall, and Clifford McCall, other straw purchasers submitted applications and signed loan documents that contained false statements.

A. Pattern of Repeat Transactions

28. On January 19, 2005, Jennifer McCall acted as a straw purchaser for the property located at 8288 Dellwood. Upon information and belief, the loan was brokered by Money Tree Funding and Joy Jackson acted as the loan officer. Money Tree Funding received fees for its role, that were shared by Farahpour and Jackson, for brokering the loan. The primary loan was secured by a Deed of Trust, that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by McCall as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

29. Sussex is an entity owned and controlled by Farahpour, Chaudhry and a third person, Steven Norman. It had offices in the same location as Money Tree Funding. Sussex changed its name from CapTitle and filed for bankruptcy in the U.S. Bankruptcy Court of Maryland in late 2007. Based on the testimony of Norman in connection with the bankruptcy case, Sussex was operated for the financial benefit of the three owners since Ali Farahpour would review the company’s records and make an equal monthly distribution to each of the three based on the

money received by the company during the given month after payment of expenses and leave some amount of reserve for future expenses.

30. On January 20, 2005, a refinance transaction was arranged for Jennifer McCall and Clifford McCall for their personal residence known as 9800 Huxley. Upon information and belief, Money Tree Funding was involved in brokering the refinance transaction (from which it and Farahpour received fees) as it was, upon information and belief, was involved with other transactions originated by Jackson and Jennifer McCall before MMS was licensed in April, 2006. The transaction involved a loan secured by a Deed of Trust, that was prepared by or under the supervision of Chaudhry, for the primary loan. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by the McCalls as their principal residence for a period of at least 12 months. The settlement and closing for the loan was handled by Sussex. In other words, using Deeds of Trust prepared by or under the supervision of Chaudhry, Jennifer McCall was involved in loans for 2 houses in 2 days, and *both* of these houses were supposedly going to be used by Jennifer McCall as her primary residence for at least 12 months. On information and belief, Chaudhry knew that one or both of these McCall transactions were fraudulent, as the two Deeds of Trust flatly contradict each other.

31. Based on the two McCall transactions, any reasonably prudent person reviewing the loan applications, the loan documents or supervising the transaction would have been aware that the statements made in the Deeds of Trust signed by Jennifer McCall in connection with the January 19, 2005 transaction and the January 20, 2005 could not both be true.

32. On March 25, 2005, another straw purchase was arranged for property located at 9603 Huxley Drive. Clifford McCall was the straw purchaser for this transaction. Upon information

and belief, the loan arranged for Clifford McCall was brokered by Money Tree Funding (from which it and Farahpour received fees). The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by McCall as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

33. The statements made by Clifford McCall concerning occupancy of the property involved in the January 20, 2005 transaction and the March 25, 2005 transaction were materially inconsistent and the inconsistency would have been apparent to a reasonable person preparing the documents (or having the documents prepared) for both transactions and otherwise supervising the transaction. Additionally, this transaction gave Money Tree Funding direct insight and knowledge into the nature of the transactions being conducted by Metropolitan. In this transaction, Money Tree Funding also took an initial loan application from the Hydes, the owners of 9603 Huxley Dr. They had applied for a loan with Money Tree Funding and then shortly thereafter Money Tree Funding was the broker for a relative of the loan officer who is now allegedly buying the property from the Hydes.

34. With knowledge, as early as January, 2005, that loans were being obtained based on representations that the property would be occupied as principal residences, when they would not be, Sussex continued to settle and close transactions for Joy Jackson, Kurt Fordham and other straw purchasers recruited by Joy Jackson, Fordham and McCall.

35. Sussex handled the settlement and closing for a refinance for Clifford McCall on the 9603 Huxley Drive property in November, 2005. The transaction involved a loan secured by a

Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by the McCall as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

36. On August 10, 2005, a straw purchase was arranged for property located at 332 Carmody. Kurt Fordham was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Fordham as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

37. On August 30, 2005, in the same month as the above transaction, another straw purchase was arranged for property located 4801 Fable. Kurt Fordham was the straw purchaser for this transaction. The transaction involved a loan secured by a deed of trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Fordham as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. Any person preparing (or having documents prepared under his supervision) for these two transactions would have known that the statements in the documents as to occupancy could not both be true.

38. On September 22, 2005, a straw purchase was arranged for property located at 3443 Princes Grace Court. Larry Chadwick was the straw purchaser of this transaction. The transaction involved a loan secured by a deed of trust for the primary loan that was prepared by

or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Chadwick as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

39. On October 13, 2005, a straw purchase was arranged for property located at 2107 Medinah Ridge. Larry Chadwick was the straw purchaser of this transaction. The transaction involved a loan secured by a deed of trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Chadwick as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

40. On October 26, 2005, a straw purchase was arranged for property located at 9109 Doris Drive. Larry Chadwick was the straw purchaser of this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Chadwick as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. Any person preparing (or having documents prepared under his supervision) for these three transactions would have known that the statements in the documents as to occupancy could not all be true.

41. On or about October 10, 2005, Farahpour acted as a loan originator for a loan brokered by his entity Money Tree Funding for which he received broker fees. In connection with that

transaction, Farahpour signed a loan application that falsely stated that he had personally interviewed the applicant for the loan when he had not. The transaction was brought to him by Ballesteros, who was being paid by Farahpour and Chaudhry to conduct signings for transactions generated by Jackson and others.

42. In connection with the same October 10, 2005 transaction described in the preceding paragraph, payments were made to an entity known as WB Associates LLC which is an entity controlled by Ballesteros. Upon information and belief, both Chaudhry and Farahpour knew that this was an entity owned and controlled by Ballesteros since they had, through Sussex, made direct payments to it, from time to time, as part of the compensation that was paid to Ballesteros and both were responsible for the management and supervision of the day-to-day operations of Sussex.

43. The disbursements for the October 10, 2005 transaction were by checks or wires signed or authorized by Chaudhry. The disbursements included a payment of over \$9,000 to WB Associates LLC. that were unearned fees and paid out of the amounts otherwise shown on the HUD 1 to be payable to the homeowner.

44. Chaudhry and Farahpour both participated in the October 10, 2005 transaction, received direct and indirect compensation from the transaction, and had actual knowledge that there were false statements being made and improper payments being disbursed in connection with transactions that they were using Ballesteros to obtain signatures for. The payments to WB Associates LLC were described by Chaudhry in an interview as part of the scheme.

45. Farahpour told state investigators that he first identified problems with MMS transactions as early as November 2005. Based on the above transactions, a review of the documents that were

being prepared by or under the supervision of Chaudhry, beginning with the transactions described in Paragraphs 30-31, revealed inconsistencies that would have put a person of ordinary prudence, including an owner and supervisor of a Maryland licensed title company, on notice much before November 2005.

46. Despite the above information and Farahpour's own admissions that there were problems surfacing in November 2005, Sussex continued to participate in transactions arranged by Joy Jackson, Kurt Fordham and Jennifer McCall for at least another seven months.

47. On February 20, 2006, a straw purchase was arranged for property located 1835 Knoll. Joy Jackson was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The deed of trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Jackson as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

48. On February 27, 2006, just seven days later, a straw purchase was arranged for property located 8104 Ashford. Joy Jackson was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Jackson as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. . Clearly, as in the case of the McCalls, these two Jackson Deeds of Trust, dated just 7 days apart and drafted by or under the supervision of Chaudhry, could not both be true and a

person of ordinary and reasonable prudence, including an owner and manager of a title company, would have known this at the time.

49. On March 31, 2006, a straw purchase was arranged for property located at 6048 Duckeys Run Road. Damon Iniss was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Iniss as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

50. On April 4, 2006, just five days later, a straw purchase was arranged for property located 7995 Monarch Street. Damon Iniss was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Iniss as his principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. Clearly, as in the case of the McCalls and Jackson, these two Deeds of Trust, dated just 5 days apart and drafted by or under the supervision of Chaudhry, could not both be true and any person of reasonable and ordinary prudence, including an owner and manager of a title company, would have known this at the time.

51. On April 7, 2006, a straw purchase was arranged for property located at 1508 Robert Lewis Avenue. Shamere Jones was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated,

inter alia, that the property would be occupied by Jones as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

52. On April 19, 2006, 12 days later, a straw purchase was arranged for property located at 5701 Butterfield Drive. Shamere Jones was the straw purchaser for this transaction. The transaction involved a loan secured by a deed of trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Jones as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. Clearly, as in the case of the McCalls, Jackson and Iniss, these two Deeds of Trust, dated just 12 days apart and drafted by or under the supervision of Chaudhry, could not both be true. A person of ordinary and reasonable prudence, including an owner and manager of a title company, would have known this at the time.

53. On May 23, 2006, a straw purchase was arranged for property located at 11567 Dunloring. Katisha Fordham was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Fordham as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

54. On June 6, 2006, 13 days later, a straw purchase was arranged for property located at 1411 Estelle Drive. Katisha Fordham was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by

or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Fordham as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. Clearly, as in the case of the McCalls, Jackson, Iniss and Jones, these two Deeds of Trust, dated just 13 days apart and drafted by or under the supervision of Chaudhry, could not both be true. A person of ordinary and reasonable prudence, including an owner and manager of a title company, would have known this at the time.

55. On July 6, 2006, a straw purchase was arranged for property located at 10700 Begonia Lane. Katisha Fordham was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Fordham as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. Clearly, as in the case of the McCalls, Jackson, Iniss, Jones and the prior two Deeds of Trust for Katisha Fordham, dated just 13 days apart, and this Deed of Trust one month later, could not all be true. A person of ordinary and reasonable prudence, including an owner and manager of a title company, would have known this at the time.

56. On June 1, 2006, a straw purchase was arranged for property located at 7533 Greenleaf Road. Brianne Barbour was the straw purchaser for this transaction. The transaction involved a loan secured by a Deed of Trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Barbour as her principal residence for a period

of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex.

57. On June 15, 2006, 15 days later, a straw purchase was arranged for property located at 7875 King Arthur Court. Brianne Barbour was the straw purchaser for this transaction. The transaction involved a loan secured by a deed of trust for the primary loan that was prepared by or under the supervision of Chaudhry. The Deed of Trust included a provision, paragraph 6, which stated, inter alia, that the property would be occupied by Barbour as her principal residence for a period of at least 12 months. The settlement and closing for the entire transaction was handled by Sussex. Clearly, as in the case of the McCalls, Jackson, Iniss, Jones, Katisha Fordham, these Two Deeds of Trust, dated just 15 days apart, and drafted by or under the supervision of Chaudhry, could not both be true. A person of ordinary and reasonable prudence, including an owner and manager of a title company, would have known this at the time.

B. The Role of Ballesteros

58. The person who was directed and delegated to obtain signatures on the loan documents and related documents in connection with the above transactions was Wilbur Ballesteros.

59. Wilbur Ballesteros had little or no prior experience in handling real estate title related matters before his employment with Sussex.

60. Wilbur Ballesteros was not authorized by Sussex to sign or execute any disbursements in connection with any of the above transactions including checks or other withdrawals from Sussex's bank accounts.

61. Wilbur Ballesteros was paid a salary out of Chaudhry, Farahpour and Norman's share of revenues generated by the operation of Sussex as well as a bonus per settlement in which he was involved.

62. Wilbur Ballesteros' direct supervisors were Farahpour and Chaudhry. Chaudhry and Farahpour assigned work and daily assignments to Ballesteros.

63. Wilbur Ballesteros did not determine the amounts of any fees to be charged with the transactions that would be paid to Sussex. The fees were determined by Chaudhry and/or Farahpour.

64. Farahpour participated in transactions that Ballesteros had arranged.

65. Farahpour knew Ballesteros was acting improperly in connection with transactions and Farahpour knowingly made false statements in connection with a transaction arranged by Ballesteros as set forth above.

C. Facts Concerning Sussex, Chaudhry, Farahpour, and Ballesteros from the state investigations.

66. In the course of the investigation to this scheme by the Maryland Department of Labor Licensing and Regulation (DLLR) it was learned that other title companies refused to conduct certain closings and settlements that involved straw purchasers due to basic irregularities that would prevent clear title to the straw man. However, Sussex apparently ignored these basic irregularities and was willing to close the same transactions refused by others. One such property in which this happened was 3800 Twin Lakes Court.

67. On October 18, 2006 Chaudhry was presented with a state subpoena from seeking information related to DLLR's investigation. At that time Chaudhry acknowledged Ballesteros was a closing agent and notary for his company Sussex.

68. Chaudhry later acknowledge to DLLR on November 1, 2006 that part of the scheme DLLR was investigating that his employee Ballesteros would receive funds on transactions in which he was the closing agent and then channel them back to an agent or affiliate of Metropolitan.

69. According to public records, Chaudhry had a role in both transactions related to the 3800 Twin Lakes Court property that DLLR was investigating. He certified this fact in three separate instances over a more than six month period involving two deeds and a confirmatory deed.

70. DLLR found in its investigation the first transaction closed by Sussex, in which Chaudhry participated, concerning the 3800 Twin Lakes Court property that no one from Sussex was actually present when the straw purchaser presented herself to sign documents. Instead, John Augustus (an employee of Metropolitan), Patricia Armstrong (the straw purchaser), and Denetta Clark (homeowner facing foreclosure) apparently attended the first settlement transaction.

71. On December 4, 2006, DLLR attempted to contact Farahpour through Money Tree Funding at the Sussex location in Rockville in which the two companies were co-located. That attempt was unsuccessful but Chaudhry informed DLLR on or about the same date how DLLR could contact Farahpour.

72. After learning on or about December 4, 2006 that DLLR wanted to speak to his business partner, Farahpour, Chaudhry informed DLLR for the first time that Ballesteros was no longer employed by Sussex apparently in response to the DLLR investigation and a separate investigation of Sussex conducted by the Maryland Insurance Administration (MIA).

73. On December 7, 2006, Farahpour met with DLLR investigators and admitted that his company Money Tree Funding participated in the 3800 Twin Lakes Court property transaction in 2005 as the mortgage broker. Farahpour received direct and indirect fee and commissions as a result. Farahpour acknowledged in that interview that the mortgage loan application prepared by Money Tree Funding had provided several material misrepresentations as part of the loan application used to strip the homeowner's equity including: (i) Farahpour had not actually conducted a face-to-face (or any other) interview for the straw purchaser as he had indicated; and (ii) the income information for the straw purchaser was not provided by her but came from Ballesteros.

74. On December 28, 2008 Ballesteros confessed to DLLR investigators and investigators of the Maryland Insurance Administration that he had not in fact attended the settlement that was the scope of the investigation at that time concerning the 3800 Twin Lakes Court property. He further explained Farahpour's company Money Tree Funding had participated in this transaction, and Ballesteros had provided false notarizations to certain closing documents.

75. A second DLLR investigation was also underway contemporaneous to the one described in the above paragraphs. The second DLLR investigation involved a forged signature of a check to F & F.

76. Both DLLR investigations included an interview of Joy Jackson and Jennifer McCall on December 20, 2006 at Metropolitan. Also present at that interview was Valeria Tomlin acting as counsel for Jackson and McCall.

77. Another DLLR interview of Farahpour occurred on March 29, 2007 in which he acknowledged being a part owner of Sussex. In the interview, Farahpour claimed:

- a. He came to know Joy Jackson through her work with Tolbert Financial (a client of Sussex's) and later his other company Money Tree Funding where he employed her.
- b. Jackson became a referral source for Sussex when she formed Metropolitan.
- c. Sussex was referred and closed 16-20 transactions per month for Jackson as part of their business affiliation (to which Chaudhry, Farahpour, and their partner split the profits and maintained the business).
- d. Chicago Title Insurance issued corrective action reports to Sussex related to the transactions it has closed for Jackson.
- e. Farahpour became aware of problems with Metropolitan in November 2005.

78. A formal DLLR interview of Chaudhry occurred on March 30, 2007 at the Sussex location in Rockville, Maryland. At this interview Chaudhry claimed:

- a. Only after DLLR and MIA's initial investigations did he begin to make any inquiries or internal investigation.
- b. He had never audited Ballesteros' work for Sussex before DLLR and MIA had launched their investigations.
- c. Chaudhry had not noticed until right before Ballesteros' employment had ceased that Ballesteros' was disbursing funds not in accordance with the HUD-1 settlement statements but did not disclose that Ballesteros in fact had no disbursement authority, wiring authority, or check writing authority on Sussex's accounts during his employ.

- d. Jackson had previously acknowledged to him that she had a “secret sauce” to improve credit scores.
- e. The business referral relationship only ended in July 2006 between Sussex and Metropolitan.
- f. He, not Ballesteros, had had personal meetings with Jackson about their business relationship.

79. On April 13, 2007, in response to DLLR’s request for all of Sussex’s Metropolitan files, Chaudhry first told DLLR that he only then became aware for the first time that Sussex had closed multiple repeat transactions (that he had supervised) in which the same straw persons were involved.

80. After five months of two separate DLLR investigations and one MIA investigation, multiple interviews, and before Chaudhry actually complied with the DLLR subpoena for records which demonstrated his actual and constructive knowledge of the scheme, Chaudhry approached the FBI.

D. Facts Relating to the Plaintiffs

a. The Proctor Family

81. The Proctor Family lived in the Proctor Property (i.e. 8604 Sapienza Drive, Ft. Washington, MD 20744) from November 2, 1999 until April 2007.

82. Beginning in 2004, the Proctor Family faced financial difficulties, and fell behind in their mortgage payments owed on the Proctor Property.

83. On or about November 21, 2005, a foreclosure was docketed against the Proctor Family in the Circuit Court for Prince George’s County, CAE05-24499.

84. The Proctor Family saw and responded to a Metropolitan advertisement on a roadside advertisement that said “Stop Foreclosure” as well as an advertisement they heard on the radio. The couple was led to believe that Metropolitan could help them save their home from foreclosure.

85. As part of the transaction the Proctor Family was provided a number of documents to sign but they were not given copies of all the documents.

86. Form documents signed by the Proctor Family and prepared by Metropolitan represented that the transaction and the documents were to help save their home and improve their credit.

87. The documents signed by the Proctor Family represented, among other things, that the Proctor Family would be allowed to stay in their home, that the Proctor Property would be put into the name of Metropolitan, that Metropolitan and F & F would obtain an interest in the Proctor Property, that the Proctor Family would be able to re-purchase the Proctor Property for the amount of the new mortgages on their property after one year, and that if the Proctor Family did not repay the outstanding mortgages, it would become the property of Metropolitan.

88. Metropolitan arranged for one of their straw purchasers, Defendant Ms. Jones, to take title to the Proctor Property, and arranged for federally related mortgage loans in the name of Ms. Jones for residential purposes on the Proctor Property funded by Argent Mortgage Company, LLC (“Argent”).

89. The transaction for the Proctor’s property was referred to and settled and closed by Sussex on or about January 24, 2006.

90. The Proctor transaction occurred after Defendant Farahpour knew that there were problems with the transactions being generated by Metropolitan and after Farahpour had

executed a loan application that included a false statement at the request of Ballesteros concerning another property as described above.

91. Farahpour continued to allow Sussex to participate in the Metropolitan transactions after full knowledge of the problems. Farahpour continued to pay Ballesteros after knowledge that Ballesteros had participated in transactions that included false statements.

92. The Proctor transaction occurred after the Defendant Chaudhry had prepared or supervised the preparation of documents in connection with numerous Metropolitan transactions involving the use of the same straw purchaser on more than one property that were represented to be the principal residence of the straw purchasers including the numerous transactions set forth above.

93. The Proctor transaction was after Defendant Ballesteros had participated in obtaining signatures on numerous transactions involving straw purchasers including the transactions set forth above.

94. Metropolitan arranged for and referred to Sussex to conduct the settlement and closing services in the transaction.

95. Argent had provided closing instructions to Sussex for the loans to Ms. Jones.

96. Sussex failed to comply with these instructions in several material aspects in that they did not verify any of Ms. Jones' so-called down payment funds for the transaction, it followed Metropolitan and/or F & F's instructions instead of Argent's closing instructions, and the HUD-1 settlement statement affirmatively misrepresented the actual receipts and disbursements from the transaction.

97. The transfer of title to the Proctor property and the settlement and closing of the Argent loans was accomplished through the use of the U.S. Mail. Additionally the transaction made use of electronic wires. Specifically, Argent wired funds to Sussex's account, controlled by Chaudhry, at Citibank, F.S.B. Washington named, "CAP Title. LLC-MD/DC Escrow".

98. As part of the transaction Sussex requested sometime before 4:51pm on September 9, 2005 by fax a title abstract from Express Abstracts and Title.

99. The abstract report obtained for the transaction from Express Abstracts and Title, which was provided by fax to Sussex at 2:47pm on January 11, 2006, showed (a) that the Proctor Family was facing foreclosure at the time of their transaction in the Circuit Court of Prince George's County, Maryland (Case No. CAE05-24499); (b) a letter in Sussex's closing file that was received by fax on January 17, 2006 at 9:50pm from Friedman & McFadden, P.A. (a known foreclosure firm in Maryland) to the Proctor Family disclosing the foreclosure case and sums necessary to pay the Proctor's defaulted mortgage; and (c) no licensed realtor was involved in the transaction but the purported contract between the parties included form contracts intended for the Prince George's County Board of Realtors.

100. The balance of the residential mortgage on the Proctor Property at the time of settlement was \$163,382.17.

101. Metropolitan arranged for at least one new loan totaling \$280,000.00 to be taken against the Proctor Property. After payment of the Proctor's residential mortgage balance on the property as part of the Foreclosure Reversal Program, there was more than \$164,372.59 in equity remaining.

102. The HUD-1s for the Proctor Family's January 24, 2006 transaction shows that the remaining equity of more than \$164,372.59 was all going to the Proctors, but Jackson, McCall, and Mr. Fordham, Metropolitan and F & F and their affiliates actually illegally took more than \$100,000 of the Proctor Family's money, as shown by a disbursement sheet. Jackson, McCall, Mr. Fordham, Metropolitan and F & F were only able to obtain these funds through the complicity and cooperation of Sussex. The loans obtained on the Proctor Property stripped away the equity in that Property, and increased the mortgages on the Property by close to \$117,000. Upon information and belief, the fees and other charges collected by Sussex in connection with this transaction were disbursed at the direction of Farahpour to Farahpour, Chaudhry and Norman. The loan carried an interest rate more than twice the lawful rate of interest allowed under Maryland law.

103. The Proctor Family was never provided a "Notice of Right to Cancel Transfer of Deed or Title" or required Affiliated Business Arrangement disclosures for their retention and records, which they were entitled to receive pursuant to PHIFA and RESPA.

104. Notwithstanding that the Proctors' right to rescind had not expired pursuant to PHIFA, Sussex recorded the deed from the Proctors to the straw purchaser in the county land records on April 25, 2006 at 12:52PM at Liber 24924, folio 414-416, in express violation of PHIFA. It is not known what person delivered the deed but upon information and belief, it was accompanied by a check signed by Chaudhry to pay the filing and other fees associated with the recording of the document.

105. The straw purchaser, Diane Linda Jones, transferred, purported to transfer, or encumbered her interest in the Proctor Property with a Deed of Trust, that was prepared by or

under the supervision of Chaudhry, in favor of the lender of the residential mortgage(s) obtained on the Proctor Property by Jones before the Proctors' right to rescind or cancel the transaction pursuant to PHIFA had expired. It is not known what person delivered the deed but upon information and belief, it was accompanied by a check signed by Chaudhry to pay the filing and other fees associated with the recording of the document.

106. At no time did anyone at Sussex advise the Proctors that problems had surfaced with transactions being conducted by Metropolitan. At no time did anyone at Sussex advise the Proctors that the loans being obtained by the straw purchaser were based on misrepresentations by the straw purchaser that were contained in the Deed of Trust. Specifically, the Deed of Trust included a representation as to occupancy of the property.

107. Upon information and belief, without a representation as to occupancy being made in connection with the loans arranged by the straw purchaser Jones, the loans would not have been made and the equity could not be siphoned from the Proctor's property. The lender relied on these representations in making the loans.

108. Based on the prior transactions in which there were inconsistent statements by straw purchasers as to occupancy, Chaudhry knew or willfully blinded himself to the fact that the representation as to occupancy being made by the straw purchaser here was false and that this transaction was not a true arms length purchase arrangement although the documents prepared made it appear to be a true arms length purchase. The transaction was a disguised loan transaction that was accomplished through obtention of loans by a straw purchaser.

109. The Proctors were never provided any statutory disclosures under the Truth in Lending Act ("TILA") and RESPA or copies of all agreements and contracts executed with them.

110. Jackson, McCall, Mr. Fordham, Metropolitan and Fordham as well as Ms. Jones, acquired illegal interests in the Property while acting as foreclosure consultants to the Proctors.

b. The Simon Family

111. The Simon Family lived in the Simon Property (i.e. 4506 Hiwasse Drive in Clinton, MD 20735) from 2001 until the present. The family includes children aged 17, 13 and 12 years of age.

112. Beginning in 2002, the Simon Family faced financial difficulties, and fell behind in their mortgage payments owed on the Simon Property. Several foreclosures against the property were docketed against the Simon Property as a result.

113. The Simon Family was referred to Metropolitan by a real estate professional at a time when they were delinquent on their mortgage and incident to foreclosure. The Simon Family also heard and responded to a Metropolitan advertisement that they had seen or heard on the radio on WPGC 95.5.

114. On or about May 22, 2006 Christopher Duncan at Metropolitan represented to Ms. Simon that Metropolitan could serve as her mortgage broker and could simply refinance her to a safer loan. As part of this representation Metropolitan provided Ms. Simon certain form documents that made it appear it would work to arrange her a new mortgage including a Mortgage Broker Agreement, a Maryland Financing Agreement, and a Borrowers Certification and Authorization.

115. However, in truth Jackson, McCall, Mr. Fordham, Metropolitan and Fordham identified Ms. Simon as an easy mark for their “Foreclosure Reversal Program” because of her vulnerabilities and because the Simon property was rich in equity.

116. As part of the transaction the Simon Family was provided a number of documents to sign but Jackson, McCall, Mr. Fordham, Metropolitan nor F & F provided the Simon with copies of the documents. One such form document that Ms. Simon signed, but was not provided a copy of, was a “Disclosure of Required Settlement Service Providers” in which Metropolitan identified itself as a lender and required Ms. Simon to use State Farm Insurance, Sussex ,and Equifax for certain settlement services.

117. The form documents signed by the Simon Family represented that the transaction and the documents were to help save their home and improve their credit.

118. The documents signed by the Simon Family represented, among other things, that the Simon Family would be allowed to stay in their home, that the Simon Property would be put into the name of Metropolitan, that Metropolitan and Fordham would obtain an interest in the Simon Property, that the Simon Family would be able to regain title to the Simon Property by paying the amount of the new mortgage after one year, and that if the Simon Family did not repay the new mortgage, it would become the property of Metropolitan.

119. Metropolitan arranged for one of their straw purchasers, Mr. Clark, to take title to the Simon Property, and arranged for a federally related residential mortgage loans in the name of Mr. Clark for residential purposes on the Simon Property funded by New Century.

120. Metropolitan arranged for and referred to Sussex to conduct the settlement and closing services in the transaction.

121. Ms. Simon signed and executed a power of attorney, purportedly notarized by Jennifer McCall, on July 24, 2006 but Ms. Simon was not given a copy of the POA.

122. The lender to Mr. Clark was New Century. New Century provided closing instructions to Sussex by fax at 4:47pm on July 24, 2006.

123. This transaction occurred after Sussex allegedly had ended its relationship with Metropolitan according to statements made by Chaudhry to State Investigators.

124. The closing instructions provided by New Century were not followed in several material aspects in that they conducted a settlement in which the borrower was not present, they did not seek New Century's prior approval for conducting the transaction on Mr. Clark's behalf by a power of attorney, they made amendments to the disbursements on the HUD-1 settlement statement without seeking prior approval of New Century, and funds were accepted for the down payment to be made by Mr. Clark from Metropolitan or F & F and not from Mr. Clark.

125. The transfer of title to the Simon property and the settlement and closing of the New Century loans was accomplished through the use of the U.S. Mail. Additionally the transaction made use of electronic wires. Specifically, funds were wired to Sussex's accounts, controlled by Chaudhry, by New Century in two separate wires for Clark: (1) 1:40:05pm and (2) 1:40:06 pm on July 24, 2006.

126. As part of the transaction, Sussex used electronic wires to transfer funds and documents related to the transaction. Specifically, Sussex wired proceeds from the transaction on at least two separate occasions to Metropolitan's account at SunTrust bank on July 26, 2006 in the amounts of \$17,611 and \$1,500 respectively. Upon information and belief, the wires from Sussex's bank account could only be approved or allowed by an authorized signer on Sussex's account which was Chaudhry and/or Farahpour. Ballesteros was not an authorized signer.

127. As part of the transaction Sussex requested by fax a title abstract from Express Abstracts and Title.

128. Sussex had significant indications of the true nature of the overall scheme including: (a) that the abstract report conducted as part of the transaction by Express Abstracts and Title, which was provided by fax to Sussex at 10:08am on July 12, 2006 showed that the Simon Family had faced foreclosure several times and had other financial difficulties pending; (b) Sussex had actually requested from Express Abstracts and Title the abstract report on Ms. Simon's behalf as the borrower ; and (c) no licensed realtor was involved in the transaction but the purported contract between the parties included form agreements intended for use by members of the Prince George's County Board of Realtors.

129. The balance of the mortgage on the Simon Property at the time of settlement was less than \$392,000.

130. Metropolitan arranged for at least two new federally related residential loans totaling more than \$480,000 to be taken against the Simon Property. After payment of the Simon's mortgage balance on the property, there was more than \$100,000 in equity remaining.

131. The HUD-1 for the Simon Family's July 24, 2006 transaction shows that the remaining equity of more than \$64,232.79 was all going to Simon, but Jackson, McCall, Mr. Fordham, Metropolitan and F & F actually illegally took more than \$64,232.79 of the Simon's Family's money, as shown by a disbursement sheet. Jackson, McCall, Mr. Fordham, Metropolitan and F & F were only able to obtain these funds through the complicity, concealment, and affirmative misrepresentations set forth in documents prepared in connection with the loans made to the straw purchaser. These documents included the Deed of Trust prepared by or under the

supervision of Chaudhry that contained a representation as to occupancy, the HUD 1 that showed payment to Simon and the disbursement of funds made by checks signed by Defendant Chaudhry.

132. The disbursement sheet prepared by Sussex for the transaction also shows a payment of \$64,232 in the form of a wire transfer to the Simon Family drawn on the account of Sussex LLC n/k/a Sussex controlled by Chaudhry. However, this wire transfer was never made to the Simon family and upon information and belief was actually wired by Sussex to an account controlled by F & F at Chevy Chase Bank. The file contains a notation to an “escrow account” on a blank check provided to Sussex.

133. This transaction, which constituted a loan of money to the Simon Family, carried an interest rate in excess of twice the enforceable rate in Maryland. The loan to the Simon Family, in the amount of the mortgage paid off, was in the amount of \$392,202. In exchange for this loan, Jackson, McCall, Mr. Fordham, Metropolitan and F & F took as compensation more than \$100,000.00 and split it among themselves in a kickback scheme. The transaction, by its terms, was to be completed within one year with the Simon Family’s regaining title to the property by paying the amount of the new mortgages on the property. Accordingly, the transaction carried an interest rate far in excess of twice the enforceable rate of interest on such a loan.

134. The loans were closed and settled by Sussex. Sussex’s role included the preparation of loan documents, a deed and disbursement checks by Chaudhry, the obtention of signatures to the various documents by Ballesteros. For the Simon Property, the scheme stripped away the equity in that Property, and increased the mortgages on the Property by close to \$100,000. Upon

information and belief, the fees and other charges collected by Sussex in connection with this transaction were disbursed at the direction of Farahpour to Farahpour, Chaudhry and Norman.

135. The Simon Family was never provided a required Affiliated Business Arrangement disclosures for their retention and records, which they were entitled to receive pursuant to RESPA; the one form which Metropolitan had Ms. Simon actually sign but was not given to her did not comply with the requirements of RESPA in several material aspects. .

136. At no time did anyone at Sussex advise Simon that problems had surfaced with transactions being conducted by Metropolitan. At no time did anyone at Sussex advise Simon that the loans being obtained by the straw purchaser were based on misrepresentations by the straw purchaser that were contained in the Deed of Trust. Specifically, the Deed of Trust included a representation as to occupancy of the property.

137. Upon information and belief, without a representation as to occupancy being made in connection with the loans arranged by the straw purchaser Mr. Clark, the loans would not have been made and the equity could not be siphoned from Simon's property. The lender relied on these representations in making the loans.

138. Based on the prior transactions in which there were inconsistent statements by straw purchasers as to occupancy, Chaudhry knew or willfully blinded himself to the fact that the representation as to occupancy being made by the straw purchaser here was false and that this transaction was not a true arms length purchase arrangement although the documents prepared made it appear to be a true arms length purchase. The transaction was a disguised loan transaction that was accomplished through obtention of loans through false representations.

139. Simon was never provided any statutory disclosures under the Truth in Lending Act

(“TILA”) and RESPA or copies of all agreements and contracts executed with them.

E. General Facts Relating to Metropolitan & Its Affiliates’ Overall Scheme

140. This case is about a well organized and far reaching foreclosure rescue scam designed, implemented and furthered by the Defendants Jackson, McCall, Mr. Fordham, using Metropolitan and Fordham, which the defendants labeled a “Foreclosure Reversal Program”. The scam was carried out, facilitated and furthered through the participation and cooperation of the remaining defendants.

141. As set forth above, Ballesteros, being paid by Chaudhry and Farahpour, participated by obtaining signatures to deeds and loan documents for loans made to straw purchasers. Chaudhry prepared (of had prepared under his supervision) Deeds and Deeds of Trust, signed checks and authorized disbursement of funds. Farahpour participated through the use of his entity Money Tree Funding and by dividing up the funds received from these transactions to himself, Chaudhry and Norman.

142. The Foreclosure Reversal Program was a criminal enterprise which was made up of an association in fact consisting of the individual defendants, Jackson, McCall, Mr. Fordham, Metropolitan and Fordham, Sussex and the owners and/or employees of Sussex Chaudhry, Farahpour and Ballesteros. These Defendants, collectively, will be identified as the “RICO Defendants” in this Second Amended Complaint.

143. The Maryland Commissioner of Financial Regulation, and other federal agencies, have initiated a major investigation of Metropolitan and other Defendants in connection with the foreclosure rescue fraud described herein, which has caused significant damages to the Plaintiffs and members of the Class, as defined herein.

144. The Maryland agencies contacted defendants Farahpour, Chaudhry and Ballesteros as early as October 18, 2006 regarding transactions settled or closed by Sussex that involved Metropolitan.

145. Upon information and belief, only after the scheme was exposed by regulatory authorities and those investigations sought all of Sussex's related files demonstrating the facts alleged herein, did Sussex, begin to admit its participation in the scam from which it had significantly profited. As of the filing of this Second Amended Complaint, Chaudhry nor Farahpour have ever moved to repay any of the money that they received from their participation in the foreclosure rescue fraud scheme.

146. The RICO Defendants have engaged in willful, systemic and widespread violations of the Federal Racketeer Influenced And Corrupt Organizations Act ("RICO"), the Real Estate Settlement Procedures Act (RESPA), and, as to the Plaintiffs and other class members residing in Maryland, the emergency legislation known as the Protection of Homeowners in Foreclosure Act ("PHIFA"), which was unanimously passed by the Maryland legislature, and made effective immediately upon the Governor's signature on May 26, 2005.

147. RICO provides protections against patterns of racketeering, which consist of the repeated violations of predicate acts which are criminal violations such as mail fraud, wire fraud or money laundering to evade taxes as well as a single occurrence of the collection of unlawful debt.

148. RESPA is a consumer protection statute that regulates the settlement procedures in real estate transactions, which requires that consumers, both buyers and sellers, receive disclosures at various times in the transaction, and which outlaws kickbacks or unearned fees that increase the cost of settlement services.

149. PHIFA provides protections to homeowners facing foreclosure from unscrupulous predators who seek to prosper by taking advantage of vulnerable homeowners. The PHIFA requires that foreclosure consultants, such as Defendants Jackson, McCall, Mr. Fordham, Metropolitan and F & F, provide mandatory disclosures, provide mandatory and open-ended right of rescission, and prohibits foreclosure consultants from being in any way related to foreclosure buyers.

150. The Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F wholly ignored the requirements of each of these laws, and conducted their “Foreclosure Reversal Program” enterprise willfully and without regard for the rights of homeowners or state or federal laws. Instead, an elaborate scheme to dupe homeowners out of both their homes and the significant home equity in each property was developed and each played a role. The settlement of the transfer of the homeowner’s title and the loans for the straw purchasers, that were a necessary part of the overall scheme, were handled by Sussex.

151. The Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F developed the scheme at issue in this case – the “Foreclosure Reversal Program” - to enrich themselves at the expense of hundreds of Maryland, Virginia, and District of Columbia vulnerable homeowners who were already in dire financial straits, and who generally had few assets aside from the substantial equity in their home. Sussex, through the actions and inactions of its owners and employees directly or indirectly participated and enabled the scheme by settling and closing many of the transactions arranged by Metropolitan. As a result millions of dollars of equity from Plaintiffs and the other members of the Class were lost as part of this standardized and illegal “Foreclosure Reversal Program” scheme.

152. A settlement or title company of ordinary prudence, when presented with the evidence of pending foreclosures in the transactions of Plaintiffs and members of the class, would have inquired further as to the consumer's equitable interests in the property (especially given the volume of transactions from a single referral source which were in foreclosure or incident to foreclosure), whether Jackson, McCall, and Mr. Fordham, Metropolitan and F & F, and their straw purchasers had complied with laws including RESPA and PHIFA for Maryland residents, and would not have filed deeds in violation of the PHIFA and/or would have simply refused to engage in the transactions fraught with false statements, illegal kickbacks and fee splits. The misappropriation and illegal disbursements of funds, the falsification of HUD-1 Settlement Statements, use of loan documents that contained false statements and the structuring of refinances as sales by Sussex, with the participation of Chaudhry, Farahpour, and Ballesteros were in violation of their state-issued licenses. The licenses held by Sussex, Chaudhry, Farahpour, and Ballesteros did not provide a license for them to steal or even turn a willful blind eye to improper and illegal activities.

153. The equity, often a substantial amount exceeding tens or even hundreds of thousands of dollars, would have gone to the homeowner Plaintiffs and other members of the Class had the house actually gone to foreclosure or had been sold through a listing agent on the open market. However, due to the "help" provided to them, the homeowners were deprived of all their equity.

154. The systematic false representations on HUD-1 Settlement Statements in the transactions for Plaintiffs and members of the class were designed to conceal the illegalities of the transactions, to prevent the Plaintiffs and members of the class from actually knowing what was going on in the transactions until it was too late to back out.

155. The acts and omissions of all of the Defendants have caused damage to hundreds of Maryland, Virginia, and District of Columbia consumers entitled to certain protections under by RICO, RESPA, PHIFA, and other state laws, as a result of practices prohibited by these laws through the unlawful loss of the equity in their properties, illegal fees, and other costs.

156. The Plaintiffs seek relief, on behalf of themselves and a Class of persons similarly situated, in the form of damages for the equity that was stolen, the illegal kickbacks and the damage to their property as a result of the racketeering activity, and declaratory judgment that the transfers of deeds to their homes are void, and statutory treble damages under RICO, RESPA, and PHIFA for the willful conduct.

CLASS ACTION ALLEGATIONS AND DEFINITION OF THE CLASS

157. The Plaintiffs bring this action on behalf of themselves and all other similarly situated individuals pursuant to *F.R.C.P. 23*. The class consists of:

All homeowners who entered into an agreement with Joy Jackson (“Jackson”), Jennifer McCall (“McCall”), Kurt Fordham (“Fordham”), Metropolitan Money Store Corp. (“MMS”) and/or Fordham & Fordham Investment Group LTD. (“F & F”) whereby (1) title to the homeowners principal residence was transferred to a third person with whom Jackson, McCall, Mr. Fordham, MMS and/or F & F had an agreement to have an interest in the transferred property, (2) where Jackson, McCall, Fordham MMS and/or F & F obtained proceeds which settlement documents indicated were to go to the homeowners, and (3) where the property transfer was settled by Sussex or RTE Title.

The proposed Subclass is defined as:

Named Plaintiffs Melvin J. Proctor, Jr, and Nadine M. McKenzie-Proctor and class members who reside in the State of Maryland where the transaction took place during or incident to a proposed foreclosure proceeding against their principal residence.

158. The Class, as defined above, is identifiable. The Class Representatives are all members of

the Class and the Proctors are members of the Subclass.

159. The Class consists of individuals so numerous that joinder of all members is impracticable, within the meaning of *F.R.C.P. 23(a)(1)*. Upon information and belief the class consists of hundreds of persons.

160. There are questions of law and fact which are not only common to the Class but which predominate over any questions affecting only individual class members, within the meaning of *F.R.C.P. 23(a)(2)*. The common and predominating questions include, but are not limited to:

- (a) Whether the actions or inactions of Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour violated RESPA;
- (b) Whether the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour participated directly or indirectly in an enterprise through a pattern of racketeering;
- (c) Whether the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour engaged directly or indirectly in activities resulting in the collection of unlawful debt;
- (d) Whether Chaudhry and Farahpour breached duties to Plaintiffs and members of the Class, causing them damages;
- (e) Whether the acts of the Defendants caused damages to the Plaintiffs and members of the Class;
- (f) Whether the PHIFA applies to the transactions involving Plaintiffs Proctors and the members of the sub class of Maryland residents;

- (g) Whether the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F are foreclosure consultants under the PHIFA;
- (h) Whether the Defendants, Metropolitan, F & F , and Ms. Jones are foreclosure purchasers and/or affiliated with foreclosure purchasers;
- (i) Whether the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, and Ms. Jones, made the written disclosures and gave Plaintiffs and Members of the Class the written notices required under the PHIFA and otherwise complied with the statute in applicable transactions;
- (j) Whether the deeds to the properties of Plaintiffs and members of the Class obtained by Ms. Jones and other straw purchasers are void as in violation of public policy as set forth in the PHIFA;
- (k) Whether Chaudhry or Farahpour knew or should have known of the scheme of Jackson, McCall, Mr. Fordham, Metropolitan and F & F and their straw purchasers which was in violation of the PHIFA and other law;
- (l) Whether Chaudhry or Farahpour breached duties to Plaintiffs and members of the Class, causing them damages;
- (m) Whether Chaudhry or Farahpour had a duty to inquire to determine whether the transactions of Plaintiffs and members of the Class complied with the PHIFA.
- (n) Whether Farahpur or Chaudhry negligently hired or retained Ballesteros as their employee after knowledge of improper activities.

161. The claims of the Plaintiffs are typical of the claims of each member of the class, within the meaning of *F.R.C.P. 23(a)(3)*, and are based on and arise out of identical facts constituting the wrongful conduct of the Defendants.

162. The Plaintiffs will fairly and adequately protect the interests of the Class, within the meaning of *F.R.C.P. 23(a)(4)*. The Plaintiffs have no interests antagonistic to the class and are committed to representing the class in this action. The Plaintiffs are represented by counsel with extensive experience in consumer law, including cases under PHIFA, as well as experience in class actions. Plaintiffs' counsel have previously been appointed as class counsel by both state and federal courts.

163. The prosecution of separate actions by individual members of the classes would create a risk of establishing incompatible standards of conduct for the Defendants, within the meaning of *F.R.C.P. 23(b)(1)(A)*. In addition, adjudications with respect to individual members of the Class would as a practical matter be dispositive of the interests of the other members not parties to the adjudications, or would substantially impair or impede their ability to protect their interests, within the meaning of *F.R.C.P. 23(b)(1)(B)*.

164. The Defendants have acted or failed to act on grounds generally applicable to the Class, thereby making injunctive or declaratory relief with respect to the Class as a whole appropriate, within the meaning of *F.R.C.P. 23(b)(2)*.

165. Common questions of law and fact enumerated above predominate over questions affecting only individual members of the class, and a class action is the superior method for fair and efficient adjudication of the controversy, within the meaning of *F.R.C.P. 23(b)(3)*.

166. A class action is superior for the fair and efficient prosecution of the litigation. Class-wide liability is essential to cause Defendants to stop illegal and improper conduct. Many class members may not be able to enforce their rights or are unaware of the remedial legislation that can provide them relief.

167. The Defendants' affirmative, active steps to cover up their unfair and deceptive violation of RICO, RESPA, PHIFA and state law claims actually concealed the class members causes of action until Jackson, McCall, Mr. Fordham, Metropolitan and F & F and their straw purchasers stopped paying the mortgages acquired for the straw purchasers and managed by Jackson, McCall, Mr. Fordham, Metropolitan and F & F.

168. The Plaintiffs had no reason to know of the true illegal nature of the "Foreclosure Reversal Program" until notices concerning the defaulted mortgages were sent to their various properties or the Plaintiffs were visited by investigators from the Maryland Department of Labor, Licensing, and Regulation from November 1, 2006 through July 16, 2007.

169. This case is one of those rare instances where circumstances external to the Plaintiffs' own conduct warrant a finding that it would be unconscionable to enforce the RESPA limitations period against the Plaintiffs since such an act would create a gross injustice of allowing the Defendants to be wrongfully and unjustly enriched to the detriment of the Plaintiffs in total sum of \$60,000,000 or more.

170. This matter is an extraordinary circumstance of the single largest mortgage scam in the Mid-Atlantic region, is beyond the control of the Plaintiffs who were vulnerable homeowners who enlisted the help of so-called professionals licensed and regulated by state agencies, and

because of the Defendants concealment of the true facts of their scheme many members of the Plaintiff class were prevented from discovering or filing their claims.

CIVIL RICO SUMMARY

171. In connection with the activities giving rise to this action, Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F, Chaudhry and Farahpour acted with malice, intent and knowledge, and with a wanton disregard for the rights of the Plaintiffs and other members of the Class.

172. At all relevant times herein, the “enterprise” described herein operated separately and distinct from each individual Defendant. The enterprise consisted of an association in fact of the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F &F, Sussex, Chaudhry, Farahpour and Ballesteros, to implement and conduct the “Foreclosure Reversal Program,” which has been operated over the course of at least a two-year period through the use of mail, wire, and tax fraud, and the collection of unlawful debts, and involving hundreds of victims. Each Defendant willingly participated directly or indirectly in the operation of the enterprise.

173. The enterprise was engaged in interstate commerce in that, *inter alia*, the mortgage loans and real properties which are subject to of the scheme to defraud set forth in this Complaint, were secured in Maryland, Virginia, and District of Columbia and were funded and serviced out-of-state by various lenders around the United States. *See* RICO, §1961(4) and §1962(a).

174. On information and belief, the source of the initial capital contributions invested by each Defendant in forming the enterprise, the Foreclosure Reversal Program, was illicit income derived from a previous pattern of racketeering activity and the collection of unlawful debts through an informal association and prior business dealings between the Defendants, Jackson,

McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry, Farahpour and Ballesteros.

175. Specifically, the parties had engaged in the January 19, 2005 transaction with Jennifer McCall acting as a straw purchaser. That transaction was accomplished through the use of false statement relating to her occupancy of the property and upon information and belief, false statements relating to her employment and income. The false information was transmitted through the U.S. Mails to an out of state lender and the transaction involved the receipt of wire(s) from the lender based on the false statements.

176. The disbursements of the loan proceeds were accomplished either through the mails or by wires. The disbursements were authorized through Sussex by Chaudhry or Farahpour. There were also, upon information and belief, 1099s issued that were issued by Sussex that falsely stated that the homeowner in that transaction had received the proceeds of the transaction when in fact the proceeds were delivered to Jackson, McCall and/or Fordham as well as Sussex for charges. As a result of those false 1099s the IRS has initiated tax collection proceedings against the members of the class and Named Plaintiffs.

177. Funds from the January 19, 2005 McCall transaction were obtained directly or indirectly by all who had participated including Jackson, McCall, Fordham, Sussex, Ballesteros, Farahpour and Chaudhry. A portion of the funds received from this transaction were used to implement the scheme described herein including the advertising to and solicitation of other homebuyers through Metropolitan. This transaction was followed by the refinance for the McCalls on January 20, 2005. The refinance provided further funds to implement the scheme. Upon information and belief, the refinance transaction was also accomplished through the use of false statement relating to the employment and income of the McCalls. The false information was transmitted

through the U.S. Mails to the lender and the transaction involved the receipt of wire(s) from the lender based on the false statements. The disbursements of the loan proceeds were accomplished either through the mails or by wires. The disbursements were authorized through Sussex by Chaudhry or Farahpour.

178. Therefore, the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F, Sussex, Chaudhry, Farahpour and Ballesteros had each previously set up, operated, invested in and conspired to create other illegal real estate related enterprises to conduct various settlement services that used a pattern of racketeering activity and the collection of unlawful debts to conduct its business including multiple instances of mail fraud, wire fraud and money laundering to evade taxes as more fully described in the preceding paragraphs.

179. At all relevant times herein, in connection with the activities giving rise to this action, the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry, Farahpour and Ballesteros conspired with each other and engaged in the various activities set forth herein, took action in furtherance of the conspiracy and agreed to participate in the operation of the conspiracy and scheme to defraud Plaintiffs and other class members, and aided and abetted one another in these activities, all as proscribed by federal law.

180. As set forth herein, during the relevant times, and in furtherance of and for the purpose of executing the scheme and artifice to defraud, the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry, Farahpour and Ballesteros on numerous occasions used and caused to be used, mail depositories of the United States Postal Service by both placing and causing to be placed mailable matters in said depositories and by removing and causing to be removed mailable matter from said depositories, including but not limited to HUD-1 Settlement

Statements, correspondence, other closing documents including Deeds of Trust prepared by or under the supervision of Chaudhry, and original copies of owner's title insurance policies that fraudulently misrepresented and concealed the true nature of the relationship between the conspirators and concealed the true nature of services provided by the Foreclosure Reversal Program.

181. Set forth below are specific acts taken in connection with several transactions.

182. On or about March 25, 2005, Sussex, through Ballesteros caused a United Parcel Service ("UPS") package containing real estate settlement documents for the purchase of 9603 Huxley Drive, including the false and fraudulent HUD-1, to be delivered from Sussex's office in Rockville, Maryland to the lender, Argent Mortgage Company in White Plains, New York. The real estate documents included the Deed of Trust prepared by or under the supervision of Chaudhry that included a false statement relating to the straw purchaser's occupancy of the property. Chaudhry knew that the statement in the Deed of Trust as to occupancy was false since he had previously prepared loan documents (or had documents prepared under his supervision) for a transaction for McCall in January, 2005 in which McCall had signed the documents with a statement that he intended to occupy that property for at least 12 months as his primary residence.

183. Upon information and belief, Money Tree Funding had also caused to be sent correspondence and loan documents that contained false statements relating to occupancy and employment concerning the transaction to Argent since it had acted as the broker in the transaction. It is further alleged, upon information and belief, that the correspondence sent was at the direction of Ali Farahpour.

184. On the March 25, 2005, Ballesteros requested a check in the amount of \$120,459.30 for the equity proceeds from the transaction to be drawn on Sussex's account. Upon information and belief, the check was signed or authorized by Chaudhry and caused to be sent out.

185. On or about March 29, 2005, Ballesteros requested a wire of \$72,976.48 to be wired to JC and JC Investments LLC's bank account (an entity created by Jennifer McCall and her spouse) from the escrow account of Sussex Title. Upon information and belief, the wire was caused to be made as authorized by Chaudhry.

186. On or about August 30, 2005, Ballesteros in accordance with his assigned duties caused a UPS package containing real estate settlement documents for the purchase of 4801 Fable Street, including a false HUD-1, to be delivered from Sussex's office in Rockville, MD to the lender, New Century Mortgage Corporation in Reston, VA. The real estate documents included the Deed of Trust prepared by or under the supervision of Chaudhry that included a false statement relating to the straw purchaser's occupancy of the property. Chaudhry knew that the statement in the Deed of Trust as to occupancy was false since he had previously prepared (or had documents prepared under his supervision) loan documents for Fordham earlier that month in which Fordham had signed the documents with a statement that he intended to occupy that property for at least 12 months as his primary residence.

187. On or about August 31, 2005, Ballesteros requested that \$54,267.08 be wired to F&F's bank account from Sussex's escrow account, for the equity proceeds from the sale of 4801 Fable Street. Upon information and belief, the wire was caused to be sent and authorized by Chaudhry.

188. On or about August 31, 2005, Fordham signed a \$3,472.96 check payable to Sussex. Upon information and belief, the check was only delivered after the wire described in the proceeding paragraph was received. Sussex knew or should have known that the funds for this payment were funds from the loan proceeds in connection with the transaction.

189. On or about November 30, 2005, Ballesteros in accordance with his assigned duties caused a UPS package containing real estate settlement documents for the purchase of 17111 Livingston Road, including the false HUD-1, to be delivered from Sussex's office in Rockville, MD to the lender, American Home Loan in Santa Ana, CA. The real estate documents included the Deed of Trust prepared by or under the supervision of Chaudhry that included a false statement relating to the straw purchaser's occupancy of the property. Chaudhry had reason to suspect that the statement in the Deed of Trust as to occupancy was false since he had prepared (or had documents prepared under his supervision)s for a transaction for Jones that was scheduled to settle the very next day for property at 4209 56th Avenue that also included a statement that she intended to occupy that property for at least 12 months as her primary residence.

190. On or about December 1, 2005, Ballesteros in accordance with his assigned duties caused a UPS package containing real estate settlement documents for the purchase of 4209 56th Avenue, including the false HUD-1, to be delivered from Sussex's office in Rockville, MD to the lender, BNC Mortgage, Inc., in Irvine, CA. The real estate documents included the Deed of Trust prepared by or under the supervision of Chaudhry that included a false statement relating to the straw purchaser's occupancy of the property. Chaudhry knew that the statement in the Deed of Trust as to occupancy was false since he had prepared or had documents prepared under

his supervision for a transaction for Jones the previous day for the property at 17111 Livingston that included a statement that she intended to occupy that property for at least 12 months as her primary residence.

191. On or about January 3, 2006, Ballesteros in accordance with his assigned duties caused a UPS package containing real estate settlement documents for the purchase of 7602 Alloway Lane, including the false HUD-1, to be delivered from Sussex's office in Rockville, MD to the lender, New Century Mortgage Corporation in Reston, VA. The real estate documents included the Deed of Trust prepared by or under the supervision of Chaudhry that included a false statement relating to the straw purchaser's occupancy of the property. Upon information and belief, Chaudhry knew that the statement in the Deed of Trust as to occupancy was false since he had prepared or had documents prepared under his supervision for a transaction for McCall previously and also knew her and her home address was different than the address for this property.

192. The documents pertaining to the alleged purchase of 7602 Alloway Lane also included representations that McCall had worked for Metropolitan for 3 years and Ballesteros, Chaudhry and Farahpour knew that this was not true.

193. On or about February 2, 2006, Ballesteros in accordance with his assigned duties caused a UPS package containing real estate settlement documents for the purchase of 1835 Knoll Drive, including the false HUD-1, to be delivered from Sussex's office in Rockville, MD to the lender, New Century Mortgage Corporation in Reston, VA. The real estate documents included the Deed of Trust prepared by or under the supervision of Chaudhry that included a false statement relating to the straw purchaser's occupancy of the property. The straw purchaser was

Joy Jackson. Chaudhry had reason to suspect that the statement in the Deed of Trust as to occupancy was false since he had prepared (or had documents prepared under his supervision) for a transaction involving Jackson as a buyer that was to be settled within 7 days at 8104 Ashford, which also included a statement that she intended to occupy that property for at least 12 months as her primary residence. Further, Chaudhry knew Jackson personally and upon information both he and Farahpour knew she resided at a different address.

194. On or about February 6, 2006, Ballesteros in accordance with his assigned duties caused a UPS package containing real estate settlement documents for the purchase of 12203 McCullagh Court, including a false HUD-1 and Deeds of Trust, to be delivered from Sussex's office in Rockville, MD to the lender, BNC Mortgage, Inc., in Irvine, CA.

195. The checks for disbursements on this transaction were signed by Farahpour as well as Chaudhry. The check made out to the homeowner was deposited into the account of Metropolitan.

196. Sussex, with the approval of either Chaudhry or Farahpour and at the request of Ballesteros illegally misappropriated and disbursed through mail, wired and/or other delivery funds on the HUD-1 Settlement Statements as going to Plaintiffs and the other members of the Class in each of the transactions in which they were involved, to Jackson, McCall, Mr. Fordham, Metropolitan and F & F. The misrepresentation of the receiver of the funds was an attempt to present the Foreclosure Reversal Program as a bona fide and legal real estate transaction. The efforts by Sussex, Chaudhry, Farahpour and Ballesteros were successful in deceptively hiding the fact that the Foreclosure Reversal Program was not a bona fide and legal real estate transaction. The delivery of these disbursements to Jackson, McCall, Mr. Fordham,

Metropolitan and F & F was successful in deceptively hiding the fact that the Foreclosure Reversal Program was a sham and not operating according to the law and was merely created to launder money back into the hands of Jackson, McCall, Mr. Fordham, Metropolitan and F & F and their affiliates. The Named Plaintiffs did not and could not reasonably learn from their transactions' correspondence the fact that the Foreclosure Reversal Program was a sham and not operating according to the law.

197. Further, the activities of the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry, Farahpour and Ballesteros were designed to evade the payment of taxes for the equity wrongfully obtained by Jackson, McCall, and Mr. Fordham, using Metropolitan and F & F, in violation of 18 U.S.C. § 1956.

198. The Defendants Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry, Farahpour and Ballesteros have engaged in a pattern of racketeering by repeatedly engaging in activities designed to evade the payment of taxes on the equity wrongfully obtained by them. These activities included disbursement of funds in a manner inconsistent with the HUD 1 Settlement Statements that was done through accounts operated by Sussex. Upon information and belief, the disbursements from these accounts had to be authorized by either Chaudhry or Farahpour. Additionally, 1099s were issued by Sussex that showed the funds had been paid to the homeowners when the funds had been diverted to others.

199. Sussex, Chaudhry, Farahpour and Ballesteros participated in the conduct of the enterprise by knowingly preparing false statements relating to occupancy of the property by the straw purchasers, HUD-1 Settlement Statements that failed to accurately state the disbursements of loan proceeds and by diverting the funds other than as disclosed and preparing tax documents

that falsely described the distribution of the funds from the transactions. The false information was caused to be transmitted to lenders through mail and wire activities.

200. In a letter dated January 30, 2006 that was apparently caused to be sent through the United States Postal Service by Sussex to Friedman and McFadden P.A. (the foreclosure firm representing the Proctor Family's former residential mortgage lender, for whom they had defaulted and were facing foreclosure at the time they completed their deal with the enterprise), Sussex sent or directed a check signed by Chaudhry to pay off the Proctor Families' defaulted mortgage. The disbursement sheet prepared by Sussex for the Proctor Family transaction also shows various payments made by check signed by Chaudhry which upon information and belief were purportedly sent through the United States mails by Sussex to entities including Capitol One Bank, Chicago, Express Abstracts, Metropolitan, Prince George's County, Ron Bozman, and State Farm.

201. Additionally, the disbursement sheet prepared by Sussex for the Simon Family transaction shows a number of payments made by check that were upon information and belief, signed by Chaudhry, which upon information and belief were caused to be sent through the United States mails by Sussex to entities including Chicago, Express Abstracts, Metropolitan, Popular Mortgage, Prince George's County, and State Farm.

202. These mailings were not limited to the Named Plaintiffs, but rather, are also present in the transactions of each member of the Class. Sussex used interstate mail or wires in each transaction in conveying information to lenders that was false, such as documents that contained representations as to occupancy of the properties, and for sending checks or sending or receiving

payments by wire. The fraudulent use of interstate mail and wires was repeated in each of several hundred similar real estate transactions that were part of the Foreclosure Reversal Program.

203. Each such use of the interstate mail or wires in connection with the scheme and artifice to defraud constituted the offense of mail fraud or wire fraud as proscribed and prohibited by 18 U.S.C. § 1341.

204. As set forth herein, during the relevant times, and in furtherance of and for the purpose of executing the scheme and artifice to defraud, the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F, Sussex, Chaudhry and Farahpour on hundreds of occasions also used and caused to be used interstate telephone and other wire transactions including, but not limited to emailing loan documents such as the HUD-1 Settlement Statements and fraudulent ABA Disclosure forms to the Named Plaintiffs and the Class as well as the receipt and dissemination of funds through interstate bank wire transfers in each and every Class member's transaction with the intent and in furtherance of the scheme to defraud.

205. Each such use of the interstate telephone and wire transmission in connection with the scheme and artifice to defraud constituted the offense of wire fraud as proscribed and prohibited by 18 U.S.C. § 1343.

206. The enterprise, which operated for several years and affected as many as, or more than, 100 transactions involving vulnerable homeowners who were in trouble financially but equity rich in their properties in the region of Maryland, Virginia, and the District of Columbia, used form documents that intentionally contained false information that was sent through the interstate mail and wires—constituting a pattern of racketeering activity.

207. Neither the Named Plaintiffs nor any member of the Class refused to pay the fees and give up their home equity because of their reasonable reliance upon the deceptive documents provided to them by the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F as well as Sussex. Plaintiffs' and the Class' reasonable reliance on the mortgage documents, disclosures, and the apparent legitimacy of the sham enterprise enabled the scheme to continue, and thus was the proximate cause of the damages suffered by Plaintiffs and the Class.

208. The injuries to the property of Plaintiffs and the Class were caused by the Defendants' initial contribution from illicit income to create the enterprise that was derived from previous racketeering activity and the collection of unlawful debts, in that the enterprise would not have been in operation had it not been for the Defendants' racketeering activities and collection of unlawful debts before implementing the Foreclosure Reversal Program. These activities were more fully described above. Plaintiffs and the other Class members were charged fees and had their equity rich homes stolen from them for illegal services by the enterprise, the proceeds of which were then divided between the enterprise's members according to a common scheme and plan.

209. Each of the conspirators used proceeds derived from a pattern of racketeering activity under 18 U.S.C. § 1961(1) & (5) and proceeds derived from the collection of unlawful debts to acquire an interest in, establish, or operate the enterprise consisting of an association in fact to implement the Foreclosure Reversal Program.

210. The Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry and Farahpour associated together for a common purpose of engaging in a course of conduct. Each willingly participated in the course of conduct.

211. The Defendants' (Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry and Farahpour) enterprise involved in this scheme had an ongoing organization with a decision-making framework and/or a mechanism for controlling the group enterprise.

212. As described herein, the Defendants Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour engaged in ongoing, coordinated behavior in the Foreclosure Reversal Program victimizing Named Plaintiffs and other members of the Class. Each of these Defendants was aware of each other's existence as part of the scheme to defraud.

213. Jackson, McCall, and Mr. Fordham, Metropolitan and F & F solicited the business of Named Plaintiffs and other members of the Class; Mr. Fordham and Ms. McCall arranged for "credit repair" for Named Plaintiffs and other members of the Class; and Sussex, through the efforts of Chaudhry and Farahpour which included directing Ballesteros, settled and closed the transactions of Named Plaintiffs and the other members of the Class, fraudulently facilitating and concealing the illegal transactions and channeling funds back to the other Defendants, Jackson, McCall, and Mr. Fordham, Metropolitan and F & F to launder funds and evade taxes.

214. The association of these Defendants into an enterprise served as the vehicle through which the unlawful acts described herein were conducted. Without the association of these persons, the unlawful acts described herein would not have been possible.

215. As described above, this enterprises had an organizational structure or chain of command, including phases for soliciting and recruiting victim homeowners, preparing contracts including sales contracts and leases, preparing loan documents, brokering loans, obtaining title insurance, settling and closing real estate transactions, falsifying distribution records to evade taxes and creating the appearance of a legitimate credit repair business.

216. The enterprise used organized efforts to fraudulently and illegally lure Named Plaintiffs and other members of the Class to engage their services, to systematically deceive the Named Plaintiffs and other members of the Class, to close fraudulent and illegal real estate transactions involving the Named Plaintiffs and other members of the Class, and to benefit the RICO Defendants and their affiliates at the expense of the Named Plaintiffs and other members of the Class.

217. The Defendants Jackson, McCall, and Mr. Fordham, Metropolitan, F & F, Chaudhry, and Farahpour participated and engaged in the enterprise described above and functioned as continuing units identifiable over a period of time. The same Defendants were involved in the transactions involving Named Plaintiffs and other members of the Class over a period spanning at least two years and involving at least a hundred transactions.

218. The transactions were settled and closed by Sussex, through the coordinated efforts of Ballesteros obtaining signatures on documents, Chaudhry and Farahpour paying Ballesteros to obtain signatures and other tasks, Chaudhry preparing documents or having them prepared under his supervision and Chaudhry or Farahpour authorizing disbursements from the transactions through checks or wires. The transactions included causing documents or disbursements to be sent through mail or wires. The transactions were settled and closed by Sussex for the enterprise and Sussex participated and functioned as part of the enterprise from its inception until about August 2006, closing hundreds of transactions as part of the enterprise.

219. On information and belief, the enterprises described above did not exist solely for the purpose of engaging in predicate acts violative of RICO, but the enterprises also engaged in

legitimate real estate transactions over the same period of time for the purpose of further concealing the true intent of their enterprise.

220. The RICO Defendants each engaged in a pattern of racketeering activity, as defined under RICO, §1961(5), as each engaged in a pattern of mail and wire fraud as well as money laundering to evade taxes.

221. Defendants Jackson, McCall, Mr. Fordham, Metropolitan and F & F were in charge of fraudulently soliciting homeowners including Named Plaintiffs and other members of the Class, through its website and the public airways, including radio, television and mail. Defendants Jackson, McCall, Mr. Fordham, Metropolitan and F & F were also in charge of fraudulently convincing Named Plaintiffs and other members of the Class to sign documents including contracts of sale, lease agreements, and other documents under representations that these documents were intended to save the homes of Named Plaintiffs and the other members of the Class, and transmitting these documents via interstate mail and wires.

222. Defendants Jackson, McCall, Metropolitan and an entity controlled and operated by Farahpour - Money Tree Funding - brokered loans from various mortgage lenders, including New Century, for the straw purchasers who would take title to the homes of the Named Plaintiffs and the other members of the Class.

223. Defendants Jackson, McCall, Metropolitan and Farapour's company Money Tree Funding used the interstate mail and wires in the course of its activities in contacting and communicating with the Named Plaintiffs and class members and straw purchasers, and submitting loan applications for those straw purchasers, among other things.

224. In the next step of this scheme, Sussex as the umbrella for the actions of Chaudhry, Farahpour and Ballesteros described above, acting on behalf of the enterprise, prepared fraudulent settlement statements and closing documents for Named Plaintiffs and the other members of the Class which were transmitted through the interstate mail and/or wires, and prepared improper documents purporting to permit Chaudhry and Farahpour to split proceeds of the settlement transactions that were to go to Named Plaintiffs and the other members of the Class, to instead be paid to Jackson, McCall, Mr. Fordham, Metropolitan and F & F, which were also transmitted through interstate mail or wires.

225. The use of the false settlement statements which showed funds paid to the Named Plaintiffs and class members when they were not, allowed Jackson, McCall, Mr. Fordham, Metropolitan and F & F to evade paying taxes on the funds they received from the scams.

226. To this end, Defendant Mr. Fordham, through F & F, also served as a means of fraudulently channeling the equity owned by Named Plaintiffs and other members of the Class to the other members of the enterprises involved, through the use of the U.S. Mails, telephone lines, facsimile lines, and the Internet.

227. Sussex through the actions of Chaudhry or Farahpour facilitated the channeling of funds to F & F by authorizing wires or other disbursements, which in turn divided these funds between Jackson, McCall, Mr. Fordham, Metropolitan and F & F, the investor/straw purchaser Defendants, and other persons or entities who did not provide bona fide settlement services in disbursements that were “under the table” and “off the HUD-1 Settlement Statements” so as to further conceal the true nature of their enterprise.

228. Further, the funds paid to the straw purchasers and to Defendants Jackson, McCall, Mr. Fordham, Metropolitan and F & F were never reported as income allowing the straw purchasers and Defendants Jackson, McCall, Mr. Fordham, Metropolitan and F & F to wrongfully evade the payment of taxes.

229. The fraud in the HUD-1 Settlement Statements prepared in the transactions involving Named Plaintiffs and the other members of the Class implicates all of the Defendants who received or disbursed funds as additional kickbacks and illegal splits, oversaw the closings, and/or prepared closing documents, including the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour.

230. Each of the transactions concerned herein also involved the collection of “unlawful debts,” as defined by RICO, §1961(6). These transactions were unenforceable under applicable State law, in whole and in part as to principal or interest because of the laws relating to usury, and these debts were incurred in connection with the business of lending money and/or things of value at a rate usurious under applicable State law, and the usurious rates involved in each of these transactions was more than twice the enforceable rate.

231. The enforceable rate of each of these loans to Plaintiffs and the other members of the Class was no more than 6% per annum, and each of the transactions of the Plaintiffs and the other members of the Class involved a loan which carried an annual percentage rate of far more than 12% per annum.

COUNT I
VIOLATION OF THE FEDERAL RACKETEER INFLUENCED AND CORRUPT
ORGANIZATIONS ACT (“RICO”)

18 U.S.C. §1962(a)

(AGAINST THE DEFENDANTS, JACKSON, MCCALL, MR. FORDHAM,
METROPOLITAN, F & F, CHAUDHRY AND FARAHPOUR)

232. Plaintiffs re-allege and incorporate by reference the foregoing allegations.
233. Each Plaintiff and each member of the Class is a “person” within the meaning of 18 U.S.C. §§ 1961(3) and 1964(c).
234. Each RICO Defendant, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry, and Farahpour is a “person” within the meaning of 18 U.S.C. §§ 1961(3) and 18 U.S.C. 1962(a).
235. Through the agreements between the RICO Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour, and through the arrangements and joint activity between and among these Defendants, the Defendants formed an association in fact with each other which constitutes an “enterprise” engaged in illegal activities affecting interstate commerce pursuant to 18 U.S.C. §§ 1961(4) and 1962(a).
236. Each of the Defendants in this count used proceeds derived from a pattern of racketeering activity under 18 U.S.C. §§ 1961(1) and (5) or from the collection of unlawful debts, to acquire an interest in, establish, or operate the enterprise.
- a. Chaudhry’s use and receipt of proceeds is more fully described in ¶¶ 16, 29, 44, 63, 77, 102, 134, 145, 152, 174, 176, 208, and 209 among others.
 - b. Farahpour’s use and receipt of proceeds is more fully described in ¶¶ 17, 21, 24, 28, 29, 30, 32, 41, 44, 63, 73, 77, 102, 134, 141, 145, 152, 174, 176, 208, and 209 among others.
237. These unlawful activities included multiple instances of mail and wire fraud, including but not limited to the issuance of false and deceptive HUD-1 settlement statements and other loan documents and instruments, fraudulent and false correspondence, and bank wired monies in violation of 18 U.S.C. §§ 1341 and 1343, which occurred uniformly.

- a. Chaudhry's participation in the multiple instances of mail and wire fraud is more fully described in ¶¶ 16, 23, 43, 97, 125, 126, 132, 172, 175, 176, 177, 178, 180, 187, 199-202, 204, and 224 among others.
- b. Farahpour's participation in the multiple instances of mail and wire fraud is more fully described in ¶¶ 23, 126, 172, 176, 177, 178, 180, 199-202, 204, 218, 223, and 224 among others.

238. Further, the false HUD 1 Settlement statements were utilized to launder the money being paid to the defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, for the purpose of evading taxes in violation of 18 U.S.C. § 1956.

239. The unlawful activities also included the collection of unlawful debts as defined by RICO, which occurred uniformly and consistently.

240. The purpose of the Defendants association in fact was to channel illegal fees and kickbacks to Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, to reward these Defendants, at the dire expense of the Plaintiffs and other members of the Class, for having duped them and for having referred settlement business to Sussex, which benefited Chaudhry and Farahpour so these Defendants could charge excessive fees and generate commissions from the sale of title insurance policies including the multiple transactions as described in ¶¶ 28, 32, 35, 37, 39, 40, 47, 48, 50, 52, 54, 102, and 131.

241. The association in fact between the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry and Farahpour had a common or shared purpose, to give effect to the scheme described above, and had a distinct division of labor as described above. It

continued as a unit, with a core membership, over a substantial period of time exceeding two years, and was an ongoing organization established for an economic motive.

- a. Chaudhry's division of labor in the organization is summarized and exemplified in ¶¶ 16, 37, 44, 47-48, 50, 52, 62, 69, 79, 186-187, 189-191, 196, 199, 176, 178, and 227 among others.
- b. Farahpour's division of labor in the organization is summarized and exemplified in ¶¶ 17, 30, 32, 39, 41, 44, 62, 64, 73-74, 176, 178, 183, 199, and 227 among others.

242. The Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry and Farahpour each played a substantial and distinct role in this scheme.

- a. Chaudhry's role is summarized and exemplified in ¶¶ 16, 37, 44, 47-48, 50, 52, 62, 69, 79, 186-187, 189-191, 196, 199, 176, 178, and 227 among others.
- b. Farahpour's role is summarized and exemplified in ¶¶ 17, 30, 32, 39, 41, 44, 62, 64, 73-74, 176, 178, 183, 199, and 227 among others.

243. In this association in fact, Ms. Jackson, Ms. McCall, Mr. Fordham and Metropolitan made the initial contacts with the homeowner. Metropolitan through Jackson, McCall, Fordham, falsely and intentionally represented that the Foreclosure Reversal Program was a legitimate means of saving their homes. Metropolitan did not disclose that the Foreclosure Reversal Program was designed solely to channel illegal fees to itself and the other Defendants at the expense of the homeowners. F & F was used to initially hold funds and then disburse the funds for the benefit of Ms. Jackson, Ms. McCall and/or Mr. Fordham

244. Ms. Jackson, Ms. McCall, Mr. Fordham and Metropolitan then referred the settlement and closing services required to Sussex, in return for which Chaudhry or Farahpour authorized the disbursement of illegal fees to Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan or F & F.

- a. Chaudhry's authorization of disbursement of illegal fees is summarized and exemplified in ¶¶ 10, 45, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.
- b. Farahpour's authorization of disbursement of illegal fees is summarized and exemplified in ¶¶ 10, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.

245. The Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour each and all knew that the Foreclosure Reversal Program was an illegal means of stripping equity from the homes of the homeowners they engaged and that it allowed Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F to evade taxes. Further that the transactions would be accomplished through the use of false statements to lenders that would be caused to be transmitted through mail or wires.

246. Chaudhry and Farahpour utilized this scheme to generate a large volume of referrals from Metropolitan. To further this scheme, the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Sussex, Chaudhry and Farahpour through Ballesteros issued and used false and deceptive disclosures including loan documents and HUD-1 settlement statements, which were intended to and did mislead the homeowners and the public about the true nature of this scheme to defraud and the true costs and fees resulting from the transactions. Chaudhry prepared,

or had prepared under his supervision Deeds and Deeds of Trust that were necessary for the scheme to be carried out. Additionally, the false disclosures and statements mislead tax authorities as to the income received by Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, and their affiliates including the straw purchasers. It also misled state and local governments relating to the filing fees associated with recording documents.

- a. Chaudhry's utilization of the scheme for referrals through Sussex is summarized and exemplified in ¶¶ 38, 39, 49, 52-53, 57, 77-78, 89, 120, 152, 240, and 242 among others.
- b. Farahpour's utilization of the scheme for referrals through Sussex and money Tree Funding is summarized and exemplified in ¶¶ 38, 39, 49, 52-53, 57, 77-78, 89, 120, 152, 240, and 242 among others.
- c. Chaudhry's participation in issuing and using false and deceptive disclosures which misled homeowners and the public is summarized and exemplified in ¶¶ 10, 45, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.
- d. Farahpour's participation in issuing and using false and deceptive disclosures which misled homeowners and the public is summarized and exemplified in ¶¶ 10, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.

247. Each member of the Class received a HUD-1 settlement statement, various documents, and/or correspondence through the interstate mails or wires that contained false and fraudulent statements and which concealed material facts that caused Plaintiffs and the other members of the Class to act in reasonable reliance on those deceptive documents that the Foreclosure Reversal Program was legitimate and designed to help save their homes.

248. The lenders for the straw buyers also received a HUD-1 settlement statement, various loan documents which included false representations that the property would be occupied as the borrowers' principal residence for at least 12 months, loan applications that included false representations that the property would be the borrower's principal residence, and/or correspondence through the interstate mails or wires that contained false and fraudulent statements relating to employment of the straw purchasers and which concealed material facts that caused the lenders to make loans to the straw purchasers.

249. Mr. Fordham's role in this scheme was to use F & F to launder the illegal fees charged by the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F that were received from Sussex. These fees were paid and split between the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F. Moreover, since the documentation showed payments actually paid to the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F, having been paid to Plaintiffs and other class members, it allowed the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F to evade paying taxes. The straw purchasers were also shown as having paid fees that they did not allowing them to claim deductions they were not entitled to. The Plaintiffs and the members of the Class relied upon the representations of the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F that the Foreclosure Reversal Program was a valid and legitimate program, and that true and valid services were being provided for the payments of fees to the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F.

250. All of these activities of the association in fact form a pattern, continuous in nature, which consists of numerous unlawful individual acts directed to the Plaintiffs and the other members of the Class. The illegal activities of the Defendants in this Count persisted over an

extended period of time starting in early 2005 and ending, on information and belief, in mid-2006, once an investigation into their activities was commenced by State and/or Federal agents. Each of the false and fraudulent documents and mailed correspondence was provided to homeowners in furtherance of the conspiracy for which the Defendants in this Court are liable. The reliance of Plaintiffs and the other members of the Class on the material falsehoods and omissions in the documents were reasonable and justified because such documents would and did cause persons of ordinary experience to be convinced of the legality and legitimacy of the Foreclosure Reversal Program. Each of the false and fraudulent documents and mailed correspondence was provided to lenders in furtherance of the conspiracy for which the Defendants in this court are liable. The reliance of the lenders on the material falsehoods and omissions in the documents were reasonable and justified because such documents would and did cause persons of ordinary experience to be convinced of the legality and legitimacy of the loans to the straw purchasers.

251. These activities of the Defendants in this Court entailed multiple instances of mail fraud consisting of intentional mail fraud intended to induce, and inducing, the Plaintiffs and other members of the Class to part with property and to surrender legal rights in violation of 18 U.S.C. § 1341. These activities of the Defendants in this Court entailed multiple instances of mail fraud consisting of intentional mail fraud intended to induce, and inducing, lenders to part with property and to surrender legal rights in violation of 18 U.S.C. § 1341.

252. These activities of the Defendants in this Court also entailed multiple instances of wire fraud consisting of intentional wire fraud intended to induce, and inducing, Plaintiffs and the

other members of the Class to part with property and to surrender legal rights in violation of 18 U.S.C. § 1343.

253. These activities of the Defendants in this count also entailed multiple instances of wire fraud consisting of intentional wire fraud intended to induce, and inducing, lenders to part with property and to surrender legal rights in violation of 18 U.S.C. § 1343.

254. These activities of the Defendants in this Count also entailed multiple instances of the collection of unlawful debts consisting of the intentional collection of unlawful debts intended to induce, and inducing, Plaintiffs and the other members of the Class to part with property and to surrender legal rights in violation of RICO.

255. These activities of the Defendants in this Count also entailed multiple instances of money laundering designed to evade taxes in violation of 18 U.S.C. § 1956.

256. Through the use of this illegal and fraudulent scheme, and through the efforts to operate and maintain the enterprise described herein, to maintain the conspiracy and to facilitate the payment of illegal fees and kickbacks to the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan and F & F, as well fees to the Defendants that were received by Farahpour and Chaudhry, by laundering funds through the use of the Foreclosure Reversal Program, the Defendants have been able to retain money which is rightfully payable to the Plaintiffs and the other members of the Class, to collect money not properly due from the Plaintiffs or other members of the Class and evade taxes.

257. The Defendants in this Count retained these illegally gained funds and reinvested and used these funds in their operations in violation of 18 U.S.C. § 1962(a). Furthermore, as alleged above, the Defendants each previously acquired illicit funds through similar fraudulent

operations, using mail and wire fraud and the collection of unlawful debts and used those proceeds to implement and continue the scheme with the Foreclosure Reversal Program.

258. Plaintiffs and the other members of the Class have been injured in their property by reason of the operation of the association in fact enterprise in this unlawful manner and investment of illicit proceeds from previous racketeering activities in the association in fact enterprise.

COUNT II
VIOLATION OF THE FEDERAL RACKETEER INFLUENCED AND CORRUPT
ORGANIZATIONS ACT (“RICO”)
18 U.S.C. §1962(c)
(AGAINST THE DEFENDANTS, JACKSON, MCCALL, MR. FORDHAM,
METROPOLITAN, F & F, CHAUDHRY AND FARAHPOUR)

259. Plaintiffs re-allege and incorporate by reference the foregoing allegations.

260. Each Plaintiff and member of the Class is a “person” within the meaning of 18 U.S.C. §§ 1961(3) and 1964(c).

261. The Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour are “persons” within the meaning of 18 U.S.C. §§ 1961(3) and 1962(c).

262. The association in fact described above was an “enterprise” within the meaning of 18 U.S.C. §§ 1961(4) and 1962(c), which enterprise was engaged in, and the activities of which affect, interstate commerce.

263. The Defendants named in this Count were each associated with the enterprise and participated in its management and operation by directing its affairs and by conducting business with each other as assisting in the scheme to charge phony, illegal and fraudulent fees in connection with the Foreclosure Reversal Program.

- a. Chaudhry's participation in the enterprise and its management and operation is more fully described in ¶¶ 16, 37, 44, 47-48, 50, 52, 62, 69, 79, 186-187, 189-191, 196, 199, 176, 178, and 227 among others.
 - b. Farahpour's participation in the enterprise and its management and operation is more fully described in 17, 30, 32, 39, 41, 44, 62, 64, 73-74, 176, 178, 183, 199, and 227 among others.
 - c. Chaudhry's participation in assisting in the scheme to charge phony, illegal and fraudulent fees is more fully described in ¶¶ 10, 45, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.
 - d. Farahpour's participation in assisting in the scheme to charge phony, illegal and fraudulent fees is more fully described in ¶¶ 10, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.
264. In addition, these Defendants each participated, directly and indirectly, in the conduct of the enterprise's affairs through a pattern of unlawful activity under 18 U.S.C. § 1961(i)(b), 1961(5) and 1962(c), to wit:
- a. Multiple acts of mail fraud, in violation of 18 U.S.C. § 1341;
 - b. Multiple instances of wire fraud, in violation of 18 U.S.C. § 1343;
 - c. Multiple instances of money laundering to evade taxes in violation of 18 U.S.C. § 1956; and,
 - d. Multiple instances of the collection of unlawful debts in violation of RICO.
265. Each Plaintiff and each member of the Class suffered injury to their property, within the meaning of 18 U.S.C. § 1964(c), by reason of the violation of 18 U.S.C. § 1962(c).

266. Chaudhry and Farahpour engaged directly or indirectly in the acts and omissions described above (including ¶263), which caused injuries and damages to the Plaintiffs and the other members of the Class, as described above.

COUNT III
VIOLATION OF THE FEDERAL RACKETEER INFLUENCED AND CORRUPT
ORGANIZATIONS ACT (“RICO”)

18 U.S.C. §1962(d)

(AGAINST THE DEFENDANTS, JACKSON, MCCALL, MR. FORDHAM,
METROPOLITAN, F & F, CHAUDHRY AND FARAHPOUR)

267. Plaintiffs re-allege and incorporate by reference the foregoing allegations.

268. Each Plaintiff and member of the Class is a “person” within the meaning of 18 U.S.C. §§ 1961(3) and 1964(c).

269. The Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour are “persons” within the meaning of 18 U.S.C. §§ 1961(3) and 1962(d).

270. The association in fact described above was an “enterprise” within the meaning of 18 U.S.C. §§ 1961(4) and 1962(a), which enterprise was engaged in, and the activities of which affect, interstate commerce.

271. The Defendants in this Count as co-conspirators were associated with the enterprise described herein, and conspired within the meaning of 18 U.S.C. § 1962(d) to violate §1962(a) and (c).

272. The Defendants in this Count as co-conspirators conspired to use or invest income derived from a pattern of unlawful activity and the collection of unlawful debts under 18 U.S.C. § 1961 to acquire an interest in, establish or operate the enterprise and have done so through a pattern of unlawful activity including multiple instances of mail fraud, wire fraud, money laundering to evade taxes and the collection of unlawful debts.

- a. Chaudhry's use and receipt of proceeds from the illegal activities alleged herein is more fully described in ¶¶ 16, 29, 44, 63, 77, 102, 134, 145, 152, 174, 176, 208, and 209 among others.
- b. Farahpour's use and receipt of proceeds from the illegal activities alleged herein is more fully described in ¶¶ 17, 21, 24, 28, 29, 30, 32, 41, 44, 63, 73, 77, 102, 134, 141, 145, 152, 174, 176, 208, and 209 among others.
- c. Chaudhry's participation in the multiple instances of mail and wire fraud is more fully described in ¶¶ 16, 23, 43, 97, 97, 125, 126, 132, 172, 175, 176, 177, 178, 180, 187, 199-202, 204, and 224 among others.
- d. Farahpour's participation in the multiple instances of mail and wire fraud is more fully described in ¶¶ 23, 126, 172, 176, 177, 178, 180, 199-202, 204, 218, 223, and 224 among others.

273. The Defendants in this Count as co-conspirators conspired to operate, maintain control of, and maintain an interest in the enterprise and have done so through a pattern of unlawful activity including multiple instances of mail fraud, wire fraud, money laundering to evade taxes and the collection of unlawful debts.

- a. Chaudhry's participation in the multiple instances of mail and wire fraud is more fully described in ¶¶ 16, 23, 43, 97, 97, 125, 126, 132, 172, 175, 176, 177, 178, 180, 187, 199-202, 204, and 224 among others.
- b. Farahpour's participation in the multiple instances of mail and wire fraud is more fully described in ¶¶ 23, 126, 172, 176, 177, 178, 180, 199-202, 204, 218, 223, and 224 among others.

274. The Plaintiffs and the other members of the Class have suffered injury to their property within the meaning of 18 U.S.C. § 1964(c) by reason of the commission of overt acts constituting illegal activity in violation of 18 U.S.C. §§ 1961 and 1962(d).

275. Chaudhry and Farahpour, directly or indirectly engaged in the acts and omissions described above (including ¶¶263, 272 & 273), which caused injuries and damages to the Plaintiffs and the other members of the Class, as described above.

COUNT IV
VIOLATION OF THE FEDERAL REAL ESTATE SETTLEMENT PROCEDURES ACT
(“RESPA”) 12 U.S.C. §2601, et seq.
(AGAINST ALL DEFENDANTS)

276. Plaintiffs re-allege and incorporate by reference the foregoing allegations.

277. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour procured and/or provided closing, title and/or settlement services concerning residential mortgage loans, including “federally related mortgage loans” as that phrase is defined by RESPA at 12 U.S.C. § 2602(1) and at 24 C.F.R. § 3500.2(3), involving the named Plaintiffs and other members of the Class. Upon information and belief, these Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour procured and settled federally related mortgage loans and/or provided closing, title or settlement services for more than 100 residential mortgage loans in each of the last three years.

278. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, conducted business with Named Plaintiffs and other members of the class as a “mortgage broker,” as that phrase is defined by Regulation X at 24 C.F.R. § 3500.2, and contracted with the named Plaintiffs and other class members. As such, the mortgage brokers Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F provided to the Plaintiffs and other Class members real estate

“settlement services” as that phrase is defined by RESPA at 12 U.S.C. § 2602(3) and 24 C.F.R. § 3500.2.

279. Chaudhry and Farahpour through its agents and employees conducted settlement business with Named Plaintiffs and other members of the Class as “title companies,” as that phrase is defined by RESPA at 12 U.S.C. §2602(4), and provided, among other things, title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, the handling of the processing, and closing or settlement, in connection with real estate settlements. Chaudhry prepared or had prepared under his supervision documents for the transactions. Chaudhry and Farahpour authorized disbursements from the transactions and paid for Ballesteros to obtain signatures to documents as part of the transaction. As such, Chaudhry and Farahpour provided to the Plaintiffs and other Class members real estate “settlement services” as that phrase is defined by RESPA at 12 U.S.C. § 2602(3) and 24 C.F.R. § 3500.2.

280. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, gave and accepted portions, splits, and percentages of charges made and received for the rendering of real estate settlement services among themselves and to straw purchasers in connection with the transactions of Named Plaintiffs and other members of the Class, involving federally related residential mortgage loans, other than for services actually performed, in violation of 12 U.S.C §2607(b).

281. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F systematically paid, and their “straw purchasers” including Jamie Clark, Diane Linda Jones, and John Does 1-50, accepted, portions, splits and percentages of charges made and received by Ms. Jackson, Ms.

McCall, Mr. Fordham, Metropolitan and F & F from the Named Plaintiffs and other members of the Class other than for services actually performed. Indeed, the “investors” provided no valuable services to Named Plaintiffs and other members of the class.

282. Chaudhry and Farahpour were “associates” of Metropolitan in connection with the transactions involving Named Plaintiffs and the other members of the Class, under 12 U.S.C. §2602(8)(D). Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F acted as mortgage brokers and orchestrators of the foreclosure rescue scheme described herein, and were persons in a position to refer settlement business to title companies. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F did, indeed, refer business to Chaudhry and Farahpour and other title companies.

- a. Chaudhry’s utilization of referrals through Sussex is summarized and exemplified in ¶¶ 38, 39, 49, 52-53, 57, 77-78, 89, 120, 152, 240, and 242 among others.
- b. Farahpour’s utilization of referrals through Sussex and money Tree Funding is summarized and exemplified in ¶¶ 38, 39, 49, 52-53, 57, 77-78, 89, 120, 152, 240, and 242 among others.

283. Chaudhry and Farahpour each had agreements, arrangements and understandings with Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, the purpose and substantial effect of which was to enable Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, to benefit financially from the referral of business to Sussex. Under this agreement, Chaudhry and Farahpour would either personally perform settlement and closing services through Sussex or hire persons such as Ballesteros to perform settlement and closing services. Fees for these settlement and closing services, in amounts determined by Chaudhry and Farahpour, would be

ultimately paid by the Named Plaintiffs and other members of the Class in illegal transactions, would systematically overlook those illegalities, would systematically allow the notarization of forged signatures and/or signatures not made in the presence of a notary, would systematically sign HUD-1 settlement statements which did not reflect the true disbursement of money in the transaction, would systematically included false representations as to the occupancy of the properties of the straw purchasers as well as their employment, would channel fees to Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, for work that was not performed, and would facilitate the payment to Ms. Jackson, Ms. McCall, and Mr. Fordham, using Metropolitan and F & F of “under the table” fees out of the equity in the homes of Named Plaintiffs and other members of the Class which were represented as fees paid for settlement services to Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F – fees they would not have been able to take had the title company or settlement service provider refused to participate in the illegal scheme.

- a. Chaudhry’s authorization of disbursement of illegal fees is summarized and exemplified in ¶¶ 10, 45, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.
- b. Farahpour’s authorization of disbursement of illegal fees is summarized and exemplified in ¶¶ 10, 152, 176, 177, 196, 198, 199, 227, 244, and 281 among others.

284. Additionally, the actions of Chaudhry, Farahpour and others allowed Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F to evade taxes. Chaudhry and Farahpour directly benefited from the referral of settlement business by Ms. Jackson, Ms. McCall, Mr. Fordham,

Metropolitan and F & F, and Ms. Jackson, Ms. McCall, and Mr. Fordham, using Metropolitan and F & F, benefited by having a title company which would overlook their illegal business practices and would provide them with the ability to carry out their illegal scheme and evade taxes.

285. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, on the one hand and Chaudhry, Farahpour and other title companies on the other hand were all “affiliated business arrangements” in connection with the transactions involving Named Plaintiffs and the other members of the Class, under 12 U.S.C. 2602(7). As discussed above, Chaudhry and Farahpour were associates of Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F. Chaudhry and Farahpour were providers of settlement services, and owners or employees of providers of settlement services. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, directly and indirectly referred settlement service business to Chaudhry, Farahpour and others.

286. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, Chaudhry, Farahpour and others all systematically failed to provide proper disclosure of their affiliated business arrangement, as required under 12 U.S.C. §2607(c).

- a. Chaudhry’s failure to provide the disclosure is described more fully in ¶¶ 103,109, 116, 135, and 139 among others.
- b. Farahpour’s failure to provide the disclosure is described more fully in ¶¶ 103,109, 116, 135, and 139 among others.

287. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, required Named Plaintiffs and other members of the class to utilize the settlement services of Chaudhry, Farahpour and others.

288. Chaudhry, Farahpour and others provided settlement services in transactions involving Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, and the Named Plaintiffs and other members of the class, overlooked the irregularities and illegalities in the transactions as described above, gave checks or payments consisting of the equity of Named Plaintiffs and other members of the Class to Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, and allowed them to obtain the equity belonging to Named Plaintiffs and other members of the Class in those transactions, and added some appearance of legitimacy to those transactions, in exchange for their referral of business incident to or part of a real estate settlement service to Chaudhry, Farahpour and others.

289. Based upon the foregoing facts, Chaudhry, Farahpour, Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, violated RESPA with respect to Plaintiffs and all other class members by giving, paying or receiving fees, kickbacks or other things of value to or from Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, pursuant to an agreement or understanding that business incident to or a part of a real estate settlement or closing services involving “federally related mortgage loans” would be referred to Chaudhry, Farahpour and others by Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F. The federally related residential mortgage loans involved in the transaction included the Named Plaintiff’s defaulted mortgage loans paid off as part of the scheme by checks or wires authorized by Chaudhry or Farahpour and the new loans acquired by Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, on behalf of the straw purchasers which were purportedly intended for residential purposes with representations to that effect included in documents prepared by or under the supervision of Chaudhry.

290. The giving by Chaudhry and Farahpour of fees, kickbacks and other things of value, including the provision of settlement services in illegal and irregular transactions, to Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F and the other Defendants in the manner described herein constituted a violation of § 8(a) of RESPA, 12 U.S.C. §2607(a).

291. Chaudhry, Farahpour and others engaged in the acts and omissions described above (including ¶¶263, 272, 273, 282-283, and 286), which caused injuries and damages to the Plaintiffs and the other members of the Class, as described above.

COUNT V
VIOLATION OF THE MARYLAND PROTECTION OF HOMEOWNERS IN
FORECLOSURE ACT (PHIFA)
(MD. CODE ANN., REAL PROP., §§ 7-301 et seq.)
(AGAINST ALL DEFENDANTS ON BEHALF OF THE MARYLAND SUB CLASS)

292. Plaintiffs re-allege and incorporate by reference the foregoing allegations.

293. The acts and representations of the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry, Farahpour, Jones and John Does 1-50 described above deceived and tended to deceive the Plaintiffs and the other members of the Maryland subclass, who were all homeowners of Maryland residences in foreclosure pursuant to the PHIFA.

294. The acts and representations of the RICO Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry, Farahpour, Jones and John Does 1-50 as described herein systematically violated several express prohibitions of the PHIFA.

295. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F willfully, systematically, and uniformly violated the PHIFA with respect to the Plaintiffs and the Maryland subclass members in the following ways, among others:

- a. When they systematically claimed, demanded, charged, collected, and received

compensation prior to fully performing each and every service they contracted to perform and represented that they would perform;

- b. When they systematically claimed, demanded, charged, collected, and received interest and compensation for their Foreclosure Reversal Program loans that exceeded 8% a year;
- c. When they systematically took security to secure the payment of compensation by the Plaintiffs and other members of the class in the form of their residences;
- d. When they systematically received consideration from third parties in connection with their foreclosure consulting services provided to Plaintiffs and the members of the Class when the consideration was not fully disclosed in writing to the homeowner;
- e. When they systematically acquired interests in the residences of Plaintiffs and the other members of the Class;
- f. When they systematically took powers of attorney from Plaintiffs and the other members of the Class for reasons other than to inspect documents; and
- g. When they systematically induced Plaintiffs and the other members of the Class to enter into foreclosure consulting contracts that did not comply in all respects with the PHIFA.

296. Additionally, Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F violated the PHIFA by failing to provide Plaintiffs and Maryland subclass members with the disclosures and rights of rescission as required under the PHIFA, Md. Real Prop. §7-305 and 7-306.

297. Jones and John Does 1-50 willfully, systematically, and uniformly violated the PHIFA

with respect to Plaintiffs and Maryland subclass members in the following ways, among others:

- a. When they systematically failed to give Plaintiffs and other members of the Class notices of transfer of deed or title, notices of rights to rescind, and rescission forms, in the forms prescribed under the PHIFA, Md. Real Prop. §7-310.
- b. When they systematically failed to verify that the Plaintiffs and other members of the class would be able to re-purchase their properties or perform the leases which were executed as part of the foreclosure reconveyances;
- c. When they entered into contracts with Plaintiffs and other members of the Class which were illegal, unfair, and commercially unreasonable;
- d. When they systematically induced Plaintiffs and the other members of the Class to enter into foreclosure consulting contracts which did not comply in all respects with the PHIFA;
- e. When they recorded documents signed by Plaintiffs and other members of the Class, and encumbered the properties of Plaintiffs and other members of the Class prior to the expiration of the right to rescind of Plaintiffs and other members of the Class.

298. Chaudhry and Farahpour willfully, systematically, and uniformly violated PHIFA with respect to Plaintiffs and Maryland subclass members in the following ways, among others:

- a. When they systematically failed to give Plaintiffs and other members of the Class notices of transfers of deed or title, notices of rights to rescind, and rescission forms, in the forms required and proscribed by PHIFA, Md. Real Prop. §7-310.
- b. When they recorded or caused to be recorded foreclosure contracts and Deeds

purportedly signed by Plaintiffs and other members of the Class along with paying the fees by checks signed by Chaudhry or Farahpour;

- c. When they recorded or caused to be recorded documents purportedly signed by the Straw Purchasers, along with paying the fees by checks signed by Chaudhry or Farahpour which created encumbrances on the properties of the Plaintiffs and other members of the Class before the expiration of any rescission period.

299. Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan, F & F, Jones, John Does 1-50, Chaudhry and Farahpour's knowing and willful violations of PHIFA caused damages to the Plaintiff and Maryland subclass members that includes the unlawful loss of the equity in their homes, illegal fees and rents paid by the Plaintiff and Maryland subclass members, and other costs and damages.

300. The straw purchasers in these transactions, who were affiliated with Ms. Jackson, Ms. McCall, and Mr. Fordham, using Metropolitan and F & F, including Jones and John Does 1-50 each constituted "foreclosure purchasers" as defined by the PHIFA, Md. Real Prop. §7-301(e), as in each transaction these straw purchasers were acquiring title or possession of a deed or other document to a residence in foreclosure as a result of a foreclosure reconveyance. Additionally, since they were entering into agreements with the Plaintiffs and Maryland subclass members to lease back the property to them and provide them an option to repurchase their homes, they were also "foreclosure consultants" as defined by the PHIFA, Md. Real Prop. §7-301(b).

301. Each of the transactions of the Maryland subclass members constituted "foreclosure reconveyances," as defined by the PHIFA, Md. Real Prop. §7-301(f), as each of the transactions involved, as set forth above:

(1) The transfer of title to real property by a homeowner during or incident to a proposed foreclosure proceeding, either by transfer of interest from the homeowner to another party or by creation of a mortgage, trust, or other lien or encumbrance during the foreclosure process that allows the acquirer to obtain legal or equitable title to all or part of the property; and

(2) The subsequent conveyance, or promise of a subsequent conveyance, of an interest back to the homeowner by the acquirer or a person acting in participation with the acquirer that allows the homeowner to possess the real property following the completion of the foreclosure proceeding, including an interest in a contract for deed, purchase agreement, land installment sale, contract for sale, option to purchase, lease, trust, or other contractual arrangement.

Id.

The fact that the transactions of the Maryland subclass members were foreclosure reconveyances is clearly set forth in the Foreclosure Reversal Program form contracts and the other forms which were used for their transactions.

302. The straw purchasers in these transactions, as foreclosure purchasers involved in foreclosure reconveyances, were required to give certain notices and other documents to the Maryland subclass members under the PHIFA, including notices of the transfer of their deeds, and notices of their rights to rescind, which they systematically failed to give to Plaintiffs and Maryland subclass members.

303. Chaudhry and Farahpour engaged in the acts and omissions described above (including ¶¶263, 272, 273, 282-283, 286, and 298), which caused injuries and damages to the Plaintiffs and the other members of the Class, as described above.

COUNT VI

DECLARATORY AND INJUNCTIVE RELIEF BY THE PROCTORS (AGAINST JONES AND JOHN DOES 1-50 ON BEHALF OF THE MARYLAND SUBCLASS MEMBERS)

304. Plaintiffs Proctors re-allege and incorporate by reference the foregoing allegations.

305. This claim for declaratory relief is brought under the Federal Declaratory Judgment Act, 28 U.S.C. §2201(a), to settle and obtain relief from uncertainty and insecurity with respect to the rights, status and legal relations under the deeds of the Plaintiffs and Maryland subclass members and the consumer protections embodied in Maryland's PHIFA statute.

306. Jones and John Does 1-50 maintain that they have valid deeds to the Properties of Plaintiffs Proctors and Maryland subclass members, despite the fact that they violated the PHIFA as described herein, despite the fact that they acted as foreclosure consultants when also acting as foreclosure purchasers, and despite the fact that Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F took interests in the properties along with Jones and John Does 1-50 while they, along with Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F also simultaneously acted as foreclosure consultants in direct violation of the PHIFA.

307. Plaintiffs Proctors and Maryland subclass members maintain that the deeds to Jones and John Does 1-50 are void as in violation of the public policy set forth in the PHIFA.

308. Jones and Johns Does 1-50 will continue to maintain that they have title to the Properties of Plaintiffs Proctors and Maryland subclass members unless and until this Court declares and affirms that the deeds are void.

309. This presents an actual, judicable controversy between the parties relating to the construction of the deeds to the properties of Plaintiffs Proctors and Maryland subclass members and the application of the Maryland PHIFA statute to those deeds.

310. Plaintiffs Proctors and Maryland subclass members have a right to be free from the claim of Jones, Nicholls and John Does 1-50 to their properties.

311. The benefits to Plaintiffs Proctors and Maryland subclass members in obtaining an injunction preventing Jones, Nicholls, and John Does 1-50 from transferring or encumbering the properties of Plaintiffs Proctors and Maryland subclass members outweigh any potential harm Jones or John Does 1-50 would incur as a result of an injunction, under the balance of the convenience test, as Jones and John Does 1-50 have no legal or contractual right to title of the properties of Plaintiffs Proctors and Maryland subclass members and illegally obtained title by recording the deeds through others before the expiration of the rescission period afforded to the Plaintiffs Proctors and Maryland subclass members, and as Plaintiffs Proctors and Maryland subclass members would greatly benefit from being relieved of the attempts of Jones and John Does 1-50 to transfer and/or encumber the properties.

312. Plaintiffs Proctors and Maryland subclass members will suffer irreparable injury unless the requested injunctions are granted, as Jones and John Does 1-50 will continue to attempt to transfer and/or encumber the properties of Plaintiffs Proctors and Maryland subclass members.

313. The public interest is best served by granting the requested injunctions. The public policy reflected in the PHIFA shows that the public interest is served by enforcing the statute, and the public and the State have a compelling interest in preventing illegal foreclosure rescue scams from occurring in violation of the law.

314. Plaintiffs Proctors and Maryland subclass members are likely to succeed on the merits of this action, as the PHIFA explicitly requires that Jones and John Does 1-50 provide disclosures and rescission notices, and comply with the PHIFA in other respects, which these Defendants clearly did not do as established by the form documents in the transactions of Plaintiffs Proctors and Maryland subclass members.

315. In addition, the PHIFA expressly prohibits any foreclosure consultant from taking any interest in a property subject to a foreclosure reconveyance, and the form documents in this case clearly establish that Metropolitan and Fordham, as well as Jones and John Does 1-50 took interests in the properties of Plaintiffs Proctors and Maryland subclass members while simultaneously acting as foreclosure consultants, rendering the deeds void *ab initio*.

316. Finally, PHIFA expressly prohibits the recordation of any deed or other document, including the Deeds of Trusts in the names of Jones and John Does 1-50, which affect title to the Plaintiffs Proctors' and Maryland subclass members' residences until after the homeowners' right of rescission period has ended, rendering any recorded documents as void *ab initio*.

Notwithstanding this express prohibition, the Defendants recorded documents through others from the Plaintiffs Proctors and Maryland subclass members.

**COUNT VII
GROSS NEGLIGENCE
(AGAINST CHAUDHRY AND FARAHPOUR)**

317. Plaintiffs reallege and incorporate by reference the foregoing allegations.

318. Chaudhry and Farahpour had duties to exercise due diligence to determine that the transactions of Named Plaintiffs and the other members of the Class describe herein were not illegal in violation of the PHIFA (in the case of the Proctors and Maryland Subclass members), in violation of other law, or otherwise irregular. Chaudhry and Farahpour had duties to inquire into the nature of the transactions of Plaintiffs and the other members of the Class due to the fact that the properties of certain Named Plaintiffs Proctors and other Maryland Subclass Members were residences in foreclosure under the PHIFA, due to the fact that Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F, were repeatedly involved in transactions involving

residences in foreclosure, due to the fact that Ms. Jackson, Ms. McCall, Mr. Fordham, Metropolitan and F & F were repeatedly using their straw purchasers to obtain interests in the properties of Plaintiffs and other members of the Class, and due to the fact that the disbursements of funds shown on the HUD-1 did not comport with reality and Chaudhry and Farahpour had knowledge of those facts, or should have known of those facts, or willfully blinded themselves to those facts.

319. Chaudhry and Farahpour, further owed a duty as a result of the fees paid by the Plaintiffs and other class members to them directly and indirectly.

320. Chaudhry and Farahpour breached their duties when they failed to conduct due diligence inquiries into the transactions of Plaintiffs and the other members of the Class to determine the legitimacy of the transactions, failed to determine whether the HUD-1 forms they prepared accurately reflected the disbursement of funds in the settlements they were conducting, failed to flag the transactions as in violation of the PHIFA when applicable despite knowledge that the residences of certain Named Plaintiffs and other members of the Class were in foreclosure, failed to refuse to settle the transactions when on actual and/or constructive notice of the irregularities and illegalities apparent in the transaction, and when they willfully blinded themselves to the illegalities in the transactions.

321. Chaudhry and Farahpour's breaches of duty proximately caused damages to the Plaintiffs and other members of the Class, including the loss of title to their homes, the equity taken from their homes, and the other fees taken in the transactions.

322. Chaudhry and Farahpour acted in wanton or reckless disregard for the rights of the Plaintiffs and the other members of the Class.

323. Chaudhry and Farahpour engaged in the acts and omissions described above, which caused injuries and damages to the Plaintiffs and the other members of the Class, as described above.

324. In addition, Chaudhry and Farahpour had duties to oversee person employed by them and paid to perform tasks for their benefit. Chaudhry and Farahpour failed to properly oversee persons employed by them and continued to employ Ballesteros after knowledge that he was engaged in transactions where he took unearned fees, provided false information in connection with loans, failed to notice that persons were making false statements in connection with loan applications and other documents to obtain loans.

325. Ballesteros' contributed to the Plaintiffs loss of homes and equity through Ballesteros's conduct alleged herein.

326. Chaudhry and Farahpour did not properly oversee persons employed by them or perform any meaningful due diligence or reasonable care when they knew or should have known of the irregularities of Ballesteros' work, or had any appreciation of the damage that could be done while performing little or no supervision or prevented with any meaningful supervision as occurs by reasonably prudent settlement owner.

327. Chaudhry and Farapour's breach of duty to supervise Ballesteros and retention of him as an employee as the proximate damage to the Named Plaintiffs and class members.

WHEREFORE, Plaintiffs request:

- A. Certification of a class and subclass of persons as defined herein;
- B. Appointment of Plaintiffs as the class representatives;
- C. Appointment of Plaintiffs' counsel as Class Counsel;

D. An Award consisting of a trebling of the damages suffered by the Plaintiffs and the other members of the class against the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour, jointly and severally, as a result of the RICO Violations as set forth herein, including amounts improperly paid to the “Foreclosure Reversal Program” with respect to their mortgage loan transactions;

E. Pursuant to 12 U.S.C. § 2607(d)(2), an amount equal to three times the amount of any and all payments to Ms. Jackson, Ms. McCall, and Mr. Fordham, using Metropolitan and F & F, Jones, John Does 1-50, Sussex or any other title company in respect of each mortgage loan, as well as any and all other amounts or damages allowed to be recovered by RESPA including the equity stripped from the class members properties for excessive non-bona fide services and not actually made in accordance with the transaction’s HUD-1 Settlement statement, to be paid by the Defendants, Jackson, McCall, Mr. Fordham, Metropolitan, F & F, Chaudhry and Farahpour, jointly and severally;

F. An Award of compensatory damages in the amount of the equity taken from the residences of Plaintiffs and the other members of the Class against the Defendants, jointly and severally;

G. Pursuant to PHIFA for the Plaintiffs Proctors and Maryland subclass members, an award against the Defendants, jointly and severally, equal to up to three times the amount of any and all damages due to the Defendants’ willful conduct;

H. An award against Chaudhry and Farahpour for their gross negligence, in an amount to be determined at trial, but in no event less than the total equity of the Plaintiffs and class members plus punitive damages in the amount of three times the Plaintiffs’ and class

members lost equity in their properties;

- I. A declaration that the Deeds from Plaintiffs Proctors and Maryland subclass members to any straw purchasers, obtained and filed in violation of PHIFA, are void;
- J. A declaration that any encumbrances incurred by the straw purchasers based on the illegally recorded deed are void;
- K. An injunction prohibiting Ms. Jones, Mr. Clark and John Does 1-50 from transferring or otherwise encumbering the properties of Plaintiffs Proctors and Maryland subclass members;
- L. An award of pre- and post-judgment interest, costs
- M. Attorney's fees and costs as permitted under RESPA, RICO or PHIFA in favor of Plaintiffs, the class and Maryland subclass members; and,
- N. Such other and further relief as the nature of this case may require.

Respectfully submitted,

_____/s/_____
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ATTORNEYS FOR PLAINTIFFS

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing line was served this 14th day of October 2008, by electronic service to:

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_____/s//_____
Scott Borison

I HEREBY FURTHER CERTIFY that a copy of the foregoing was served this 14th day of November, 2008, by U.S. Mail to the following *pro se* parties:

LETICIA NICHOLLS
400 Browning Ave #2
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_____/s//_____
Scott Borison