

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

SHARON WINSTON
3513 21st Street, S.E.
Washington DC 20020

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CASE NO.

On behalf of herself and a class of
others similarly situated

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

v.

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Regional Title & Escrow, LLC
9701 Apollo Drive, Suite 297
Largo, Maryland 20774

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Serve on:

Valeria Tomlin, Resident Agent
14400 Woodmore Oaks Court
Bowie, Maryland 20721

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CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiff, Sharon Winston (“Winston” or “Plaintiff”), on her own behalf and on behalf of the Class defined herein, by and through her attorneys Scott Borison, Peter A. Holland of the HOLLAND LAW FIRM, LLC, Phillip R. Robinson of CIVIL JUSTICE, INC., and Stan D. Brown, file this Complaint against the Defendant Regional Title & Escrow, LLC. (“RTE”) and state as follows:

INTRODUCTION

1. This matter involves the actions of the Defendant, RTE as settlement agent and its role in the single largest mortgage scam in the Mid-Atlantic history which has bilked homeowners of

millions of dollars of lost equity and threatens these families with imminent foreclosure. The participants in the scam included, among others, Metropolitan Money Store, Inc., Money Tree Funding, LLC., Joy Jackson, Kurt Fordham, Jennifer McCall, Clifford McCall, Fordham & Fordham and others hereinafter referred to collectively as “Metropolitan”.

2. Numerous parties identified in the scam have been the subject of a federal indictment.
3. Maryland and District of Columbia families, who thought they had entered into contracts to save their homes from foreclosure and/or mortgage refinance transactions, did in fact enter into illegal contracts and transactions that were settled by the Defendant RTE.

PARTIES

A. The Named Plaintiff

4. Plaintiff is a resident of the District of Columbia. Plaintiff was the fee simple title owner of residential real property known and described as “3513 21st Street, S.E., Washington, D.C. 20020” from October 10, 1998 to July 30, 2006.

B. The Defendant

5. RTE is a Maryland LLC with its principal place of business in Maryland. RTE is one of the title companies which acted as a settlement agent and title insurance agent in foreclosure rescue scam transactions orchestrated by Metropolitan. RTE’s principal place of business is in Prince George’s County, Maryland.

JURISDICTION AND VENUE

6. There is complete diversity of citizenship between the Plaintiff and the Defendant.
7. The amount in controversy is over \$75,000 exclusive of costs and interest.

8. The size of the putative class is less than 100 persons. The amount in controversy for the class is over \$5,000,000 exclusive of costs and interest.

9. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §1332 (Diversity).

10. 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 Defendant transacted business in this District.

FACTUAL BACKGROUND

11. This case is about the role of the Defendant in a well organized and far reaching foreclosure rescue scam designed by Metropolitan which was referred to as a “Foreclosure Reversal Program”. The Defendant RTE facilitated and enabled the scam by acting as settlement agent for the transfer of property interest of the Plaintiff and other class members to “straw purchasers”.

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

13. To finance the foreclosure reversal transactions, RTE arranged and settled federally related mortgage loans on the properties in foreclosure for the straw purchasers, taking settlement fees and various other fees in the process.

14. RTE performed real estate settlement closing services for hundreds of mortgage loan transactions each year in Maryland and the District of Columbia and regularly performs in the course of its business certain abstract, title search, or title examination services.

15. As part of abstract, title search, or title examination services, RTE was made aware, before the subject property's settlement date, of the pending foreclosure(s) or defaulted mortgages docketed against the property of the Plaintiff and members of the class. RTE's knowledge of these facts put it on clear notice that the transactions were unusual.

16. As part of other settlement services provided in the regular course of its business, RTE was also made aware of other certain facts which demonstrated the irregularities and illegalities in the transactions of Plaintiff and members of the class. RTE knew that the "buyer's" expenses were actually being paid by the "sellers" of the property. This included fees ordinarily paid by buyers such as premiums for title insurance in favor of the buyer and his or her lender. Nevertheless, RTE prepared HUD-1 Settlement Statements which did not accurately represent that the fees were being paid by the "buyer." The HUD 1 by RTE represented that the equity in the property transaction was going to the homeowner Plaintiff and other members of the class in each transaction; but the money was paid out to others and those transactions were not reflected on the HUD 1.

17. Similarly, the HUD 1 forms showed fees payable to RTE by the straw person or investor. These fees were actually paid by Plaintiff and the other members of the Class.

18. RTE profited by its acts through settlement, processing, and various and sundry other fees for closing the transactions.

19. RTE was or should have been aware of the illegal nature of the transactions it settled involving Plaintiff and other members of the Class, and yet facilitated the closing of these transactions anyway.
20. The Plaintiff and other class members' equity, often a substantial amount exceeding tens or even hundreds of thousands of dollars, would have gone to the homeowner Plaintiff 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, the homeowners were illegally deprived of all their equity.
21. RTE's participation gave the Plaintiff and members of the class false assurances that RTE was providing necessary, legal and legitimate settlement services to save the subject property from foreclosure in order to lull the victim into a false sense of legitimacy thereby preventing victim from contesting or questioning the services of Metropolitan.
22. RTE also recorded deeds from class members from Maryland to the straw purchasers before the Plaintiff and other class members' legal rights to rescind the transaction and those deeds expired.
23. In doing these acts described above, RTE breached a contractual as well as implied duties to ensure that the transactions were free from illegality and in compliance with state and federal laws, among other things.
24. RTE's acts and omissions have caused damage to the Plaintiff and other class members.
25. The Plaintiff seeks relief, on behalf of herself and a Class of persons similarly situated, in the form of damages for the negligence of the Defendant RTE.

FACTS APPLICABLE TO NAMED PLAINTIFF

26. Plaintiff, Sharon B. Winston, was the fee simple title owner of residential real property known and described as “3513 21st Street, S.E., Washington, D.C. 20020” from October 10, 1998 to July 30, 2006. From June, 2006 through July, 2006 an order to docket or a petition to foreclose was pending in the District of Columbia Superior Court land records office concerning the said subject property. The property was scheduled to be sold at public auction on August 30, 2006.

27. Pursuant to an alleged “foreclosure reversal program” Plaintiff was persuaded by Metropolitan to sell her home to Nichelle Daniels for little or no consideration with the promise that all of Plaintiff’s mortgage payments for a period of one full year, from July 31, 2006 to July 31, 2007 would be paid utilizing Plaintiff’s home equity to make all such payments.

28. On July 31, 2006 Defendant RTE conducted a “dry settlement”, and on that date Defendant RTE procured Plaintiff’s signatures on incomplete documents.

29. The documents included two different HUD 1 Settlement statements for the transaction.

30. On or about August 3, 2006, Defendant RTE recorded and filed the documents, specifically the Deed, in District of Columbia Superior Court land records office.

31. Funds were paid out to Metropolitan from Plaintiff’s (Seller’s) funds, totaling \$155,753.56, on July 31, 2006 according to the first HUD-1 Settlement Sheet. These funds represented Plaintiff’s equity in her home.

CLASS ACTION ALLEGATIONS AND DEFINITION OF THE CLASS

32. 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 in the State of Maryland or the District of Columbia who entered into an agreement with Metropolitan, and the transaction resulted in a transfer of

the title to their principal residence to a third person with whom Metropolitan had an agreement to have an interest in the transferred property, and where the property transfer was settled by RTE.

33. The Class, as defined above, is identifiable. The Class Representative is a member of the Class.

34. 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 more than 25 persons but less than 100 persons.

35. 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 RTE breached duties to the Plaintiff and members of the Class, causing them damages;
- (b) Whether the acts or omissions of the Defendant RTE caused damages to the Plaintiff and members of the Class.

36. The claims of the Plaintiff 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 Defendant RTE.

37. The Plaintiff will fairly and adequately protect the interests of the Class, within the meaning of *F.R.C.P. 23(a)(4)*. The Plaintiff has no interests antagonistic to the class and she is committed to representing the class in this action. The Plaintiff is represented by counsel with extensive experience in consumer law as well as experience in class actions. Plaintiff's counsel

include counsel who have previously been appointed as class counsel by both state and federal courts.

38. The prosecution of separate actions by individual members of the classes would create a risk of establishing incompatible standards of conduct for the Defendant, 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)*.

39. 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)*.

40. A class action is superior for the fair and efficient prosecution of the litigation.

COUNT I NEGLIGENCE

41. Plaintiff realleges and incorporates by reference the foregoing allegations.

42. RTE had duties to exercise due diligence to determine that the transactions of Named Plaintiff and the other members of the Class described herein were not illegal, improper or otherwise irregular. RTE had duties to inquire into the nature of the transactions of Plaintiff and the other members of the Class due to the fact that Metropolitan were repeatedly involved in transactions involving residences in foreclosure, due to the fact that Metropolitan were repeatedly using their straw purchasers to obtain interests in the properties of Plaintiff 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 RTE had knowledge of those facts, or should have known of those facts, or willfully blinded itself to those facts.

43. RTE further owed a duty as a result of the fees paid by the Plaintiffs and other class members to them.

44. RTE breached its duties when it failed to conduct due diligence inquiries into the transactions of Plaintiff 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 it was conducting, 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 it willfully blinded themselves to the illegalities in the transactions.

45. RTE breaches of duty proximately caused damages to the Plaintiff 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.

WHEREFORE, Plaintiffs request:

- A. Certification of a class of persons as defined herein;
- B. Appointment of Plaintiff as the class representative;
- C. Appointment of Plaintiff's counsel as Class Counsel;
- D. An Award of compensatory damages against RTE for its negligence, in an amount to be determined at trial, but in no event less than \$5,000,000.00 exclusive of costs and interest for the class;
- E. Such other and further relief as the nature of this case may require.

Respectfully submitted,

_____/s/_____
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