

20070113943
CAUSE NO. 20070113943

STATE OF TEXAS, Plaintiff

v.

FORECLOSURE ASSISTANCE
SOLUTIONS, LLC., J.W.W. SERVICES,
INC., ADOLFO QUINTERO, JOHN
WOODRUFF AND HERB ZERDEN
INDIVIDUALLY, Defendants

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IN THE DISTRICT COURT
JUDICIAL DISTRICT
BEXAR COUNTY, TEXAS

**PLAINTIFF'S ORIGINAL PETITION, AND APPLICATION FOR
EX PARTE TEMPORARY RESTRAINING ORDER, AND
TEMPORARY AND PERMANENT INJUNCTION**

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff the STATE OF TEXAS, acting by and through Attorney General of Texas Greg Abbott, complains of FORECLOSURE ASSISTANCE SOLUTIONS, LLC. (hereinafter referred to as "FAS"), J.W.W. SERVICES, INC., HERB ZERDEN, JOHN WOODRUFF and ADOLFO QUINTERO, INDIVIDUALLY, Defendants, and for cause of action would respectfully show as follows:

DISCOVERY CONTROL PLAN

1. The discovery in this case is intended to be conducted under Level 2 pursuant to TEX. R. CIV. P. 190.3.

AUTHORITY

2. This action is brought by Attorney General Greg Abbott, through his Consumer Protection Division, in the name of the State of Texas and in the public interest under the authority granted to him by §17.47 of the Texas Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. §17.41 *et seq.* (hereafter the "DTPA") upon the ground that Defendants have

engaged in false, deceptive, and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by, §§17.46(a) and 17.46(b) of the DTPA.

DEFENDANTS

3. Defendant, FORECLOSURE ASSISTANCE SOLUTIONS, LLC, a Florida Limited Liability Corporation whose registered office is 2465 N. McMullen Booth Rd., Unit J, Clearwater, Florida 33759, may be served with process by serving its registered agent Donald Tolan, 2465 N. McMullen Booth Rd., Unit J, Clearwater, Florida 33759.

Defendant, J.W.W. SERVICES, INC. is a California corporation who may be served with process by serving its registered agent, John Woodruff, at 29821 Imperial Dr., San Juan ^{Capistrano} ~~Cape~~, CA 92675-1414.

Defendant, HERB ZERDEN, is an individual who may be served at his residence at 14201 Carol Manor Drive, Largo, Florida 33774.

Defendant, ADOLFO QUINTERO, is an individual who may be served at 4019 East 55th Street, Maywood, California 90270 or 2480 Irvine Blvd, Apt. 395, Tustin, CA 92782.

Defendant, JOHN WOODRUFF, is an individual who may be served at 29821 Imperial Dr., San Juan Capistrano, CA 92675-1414 or 500 N. Osceola Ave., Apt. 402, Clearwater, FL 33755.

VENUE

4. Venue of this suit lies in BEXAR COUNTY, Texas for the following reasons:

A. Under TEX. CIV. PRAC. & REM. CODE §15.002 (a)(1), venue is proper because all or a substantial part of the events or omissions giving rise to the claim occurred in BEXAR County, Texas.

B. Under the DTPA §17.47(b), venue is proper because Defendants have done business in BEXAR County, Texas as follows: Defendants solicited transactions made the subject

of the suit in BEXAR, County, Texas. More specifically, the Defendants mailed solicitation letters to homeowners living in BEXAR County, Texas who were in danger of losing their homes to foreclosure. In these letters, Defendants state that they can provide homeowners with an alternative to foreclosure, thus preventing a foreclosure from occurring. Defendants solicited and received money from Bexar County consumers.

PUBLIC INTEREST

5. Because Plaintiff State of Texas has reason to believe that Defendants have engaged in, and will continue to engage in, the unlawful practices set forth below, Plaintiff State of Texas has reason to believe Defendants have, by means of these unlawful acts and practices, caused damage to and acquired money from persons of this State and caused and will continue to cause adverse effects to legitimate business enterprises which lawfully conduct trade and commerce in the State. Therefore, the Consumer Protection Division of the Office of the Attorney General of the State of Texas believes and is of the opinion that these proceedings are in the public interest.

TRADE AND COMMERCE

6. Defendants have, at all times described below, engaged in conduct which constitutes “trade” and “commerce” as those terms defined by §17.45(6) of the DTPA.

ACTS OF AGENTS

7. Whenever in this petition it is alleged that Defendants did any act, it is meant that:

- A. Defendants performed or participated in the act; or
- B. Defendants’ officers, agents, or employees performed or participated in the act on behalf of and under the authority of the Defendants.

NOTICE BEFORE SUIT

8. The Consumer Protection Division did not inform Defendants of this suit prior to

instituting same, because there is good cause to believe that such an emergency exists that immediate and irreparable injury, loss, or damage would occur as a result of such delay in obtaining a temporary restraining order.

NATURE OF DEFENDANT'S OPERATION

9. Defendants conduct research of foreclosure actions across the United States and send solicitation letters and postcards to homeowners whose homes are posted for foreclosure. In these letters homeowners are asked to telephone Defendants who represent that they can provide the homeowner with an alternative to foreclosure, thus preventing the homeowner from losing their home. During the homeowner's initial inquiry regarding this alternative process, the Defendants require a \$1,200.00 payment to begin the "mitigation process." In exchange for this payment, Defendants represent that they can assist in stopping the foreclosure and save the home. After receiving payment, the Defendants fail to provide the services as represented to homeowners. Due to the failure of the Defendants to follow through as promised, and the homeowners' belief that Defendants will assist them as represented to stop the foreclosure process, many homes are ultimately foreclosed upon by the lender. In addition to violating the DTPA, Defendants have also violated TEX. BUS. & COM. CODE ANN. §38.101(a) and §38.107 by engaging in telephone solicitations with purchasers located in the State of Texas without fulfilling the requirement of registering and posting a bond with the Texas Secretary of State. Furthermore, a violation of this chapter is a false, misleading, or deceptive act under the DTPA pursuant to TEX. BUS. & COM. CODE ANN. § 38.303.

SPECIFIC FACTUAL ALLEGATIONS

10.1 Defendants solicit business in the State of Texas by mailing cards and letters to homeowners who are delinquent in their mortgage payments and facing possible foreclosure. The

cards and letters advise the homeowners that Foreclosure Assistance Solutions (FAS) can assist them in stopping the foreclosure process and provides a telephone number to call for information. Representations are made to the homeowner that FAS can stop the foreclosure if the homeowner signs a contract that is sent to them and pays a \$1,200 fee. After homeowners pay the fee to Defendants, they receive no contact from Defendants. Defendants prohibit consumers from talking with their own lenders when they sign up with Defendants. This leaves consumers entirely dependent on Defendants to follow through with their promises to assist them in saving their homes. When consumers try to contact Defendants after paying them their money, they are ignored and their phone calls are not returned by Defendants. Consumers fail to receive any assistance from Foreclosure Assistance Solutions and many lose their homes to foreclosure.

10.2 Consumer Hilda Rodriguez, whose affidavit is attached and incorporated herein as Exhibit "A", received a solicitation card (Exhibit "A," pages 3 and 4) from FAS soon after receiving notice from her mortgage lender that her home was subject to foreclosure. Rodriguez paid FAS their requested price of \$1,200.00 and signed the contract FAS faxed to her (Exhibit "A," pages 5 - 14). The FAS representative told Rodriguez that she was not to contact her mortgage lender (Exhibit "A," pages 1). In addition, the contract stated that Rodriguez was not to contact her lender and that if she did so, she would forfeit her \$1,200.00 fee (Exhibit "A," pages 7 and 8 [paragraph 3. D. first bullet point]). Rodriguez's house was foreclosed on March 7, 2006. That same day, Rodriguez contacted her mortgage lender and reached a solution which allowed Rodriguez to keep her house (Exhibit "A," page 2). After filing a complaint with the Texas Attorney General's Office and informing FAS of that, FAS finally agreed to refund Rodriguez \$900.00 of the \$1,200 fee only if she signed a release, which she did due to her immediate need for funds (Exhibit "A," pages 1 and 22).

10.3 Consumer Zelda Walker, whose affidavit is attached and incorporated herein as

Exhibit "B", received a solicitation letter (Exhibit "B," page 4) from FAS soon after receiving notice from his mortgage lender that his home was subject to foreclosure (Exhibit "B," page 3). On March 23, 2007, Walker paid FAS their requested fee of \$1,200.00 (Exhibit "B," pages 5 and 6) and signed the contract FAS faxed to him (Exhibit "B," pages 7 - 17). The contract stated that he was not to contact his lender and that if he did so, he would forfeit the \$1,200.00 fee (Exhibit "B," page 14, paragraph 3. D. first bullet point). After attempting and receiving no meaningful or specific information from FAS about the status of their efforts to save Walker's home, Walker called his mortgage lender on March 28, 2007. The lender representative with whom Walker spoke said the lender had no record of FAS ever contacting it (Exhibit "B," page 2). When he informed FAS of this, the FAS representative told Walker for the first time that since Walker paid the \$1,200.00 within 14 days of the foreclosure date, FAS would not refund any of the fee. Walker's home was foreclosed on April 3, 2007 (Exhibit "B," page 22).

10.4 Consumer Claudia Villanueva, whose affidavit is attached and incorporated herein as Exhibit "C", received a solicitation card (Exhibit "C," pages 8 and 9) from FAS on November 3, 2006, soon after receiving notice from her mortgage lender that her home was subject to foreclosure (Exhibit "C," pages 3 - 7). Villanueva spoke to FAS representatives who assured her FAS could save Villanueva's home (Exhibit "C," page 1). Villanueva paid FAS their requested fee of \$1,200.00 (Exhibit "C," page 1) and on November 3, 2006, signed the contract FAS faxed to her (Exhibit "C," pages 10 - 19). The contract stated that she was not to contact her lender and that if she did so, she would forfeit the \$1,200.00 fee (Exhibit "C," page 14, paragraph 3. D. first bullet point). On November 4, 2006, an FAS representative called Villanueva and said FAS could not assist her. Villanueva requested a refund but did not receive it until March 7, 2007, and only after executing a release of claims (Exhibit "C," pages 3, 35 and 36). On or about November 6, 2006, Villanueva

filed for Chapter 13 bankruptcy (Exhibit "C," pages 3 and 20 - 23.)

10.5 Consumer Aaron Frank, whose affidavit is attached and incorporated herein as Exhibit "D", received a solicitation letter (Exhibit "D," page 5 and 6) from FAS soon after receiving notice from his mortgage lender on February 6, 2006 that his home was subject to foreclosure (Exhibit "D," pages 3 and 4). After receiving the FAS letter, Frank called FAS and spoke to one of its representatives. That representative agreed that FAS would assist Frank for a fee of \$700.00, which was all Frank had (Exhibit "D," page 1). Frank paid FAS \$400.00 on October 27, 2006 (Exhibit "D," pages 1, 7 and 8). On October 30, 2007, Frank received, signed and returned the contract FAS faxed to him (Exhibit "D," pages 1 and 9 - 16). On November 3, 2006, Frank paid the remaining \$300.00 to FAS (Exhibit "D," pages 1, 17 and 18). The FAS representative Frank had spoken to also told Frank if he contacted his mortgage lender the contract would be voided. In addition, the contract stated that Frank was not to contact his lender and that if he did so, he would forfeit the \$1,200.00 fee (Exhibit "D," page 11, paragraph 3. D. first bullet point). Frank's calls to FAS after making his final payment went unanswered and unreturned (Exhibit "D," page 1). On November 9, 2006, Frank received a letter from his mortgage lender's law firm stating Frank's home had been sold at foreclosure (Exhibit "D," page 19). On January 29, 2007, a Court order was entered evicting Frank from his home (Exhibit "D," page 25).

10.6 Defendants have received a large number of complaints from consumers situated all over the United States. The Better Business Bureau for the city of Clearwater, Florida has received a total of 236 complaints against Defendant FAS covering the period from September 5, 2004 to September 4, 2007. Of the 236 complaints filed with the Clearwater, Florida Better Business Bureau, 43 complaints are from Texas residents. In addition, the Office of the Texas Attorney General has received a number of complaints against Defendant FAS. Defendants have victimized

scores and possibly hundreds of Texas consumers by promising to help save their homes, by taking almost all of their remaining monies, and then doing little or nothing to assist them as promised to save their homes.

10.7 On June 13, 2007, FAS executed an Assurance of Voluntary Compliance with the State of Florida (Florida) for its deceptive actions similar to the ones forming the basis of this suit. A true and correct copy of the AVC is attached as Exhibit "E" and incorporated hererin. FAS stipulated it is primarily in the business of providing assistance to homeowners who are at jeopardy of foreclosure of their homes and that FAS solicits such homeowners by mail throughout the United States (Exhibit E, page 2, paragraph 1.1). In addition, FAS agreed amend its practices to give homeowners a 3 day right of cancellation (Exhibit "E," page 5, paragraph 3.3 A).

10.8 On August 8, 2007, the State of Ohio (Ohio) filed suit against Defendant F.A.S. LLC d/b/a Foreclosure Assistance Solutions and d/b/a Mortgage Second Chance, alleging deceptive trade practices. Ohio asserts that Defendant FAS undertook the same conduct which was is the basis of this suit. A copy of that Petition is attached as Exhibit "F" and is incorporated herein. Specifically, Ohio states in its suit that Defendant FAS advertized to consumers whose houses were scheduled for foreclosure that it could prevent the foreclosure, accepted payment of \$1,200.00 from such consumers, then failed to contact the mortgage lenders at all or in a meaningful way, and then failed to refund money to consumers. (Exhibit "F," page 2, paragraph 8 - page 5, paragraph 18). Defendant's contract prohibited consumers from contacting their own mortgage lenders thus preventing consumers from verifying the promises of Defendant (Exhibit "F," pages 3 and 4, paragraph 13). Ohio states that Defendant victimized at least 18 Ohio consumers (Exhibit "F," page 4, paragraph 15).

FALSE, MISLEADING, AND DECEPTIVE ACTS AND PRACTICES

11.1 Defendants, as alleged above and detailed below, have in the course of trade and commerce engaged in false, misleading, and deceptive acts and practices declared unlawful in §§17.46(a) and 17.46(b)(5),(7),(9),(12) & (24) of the DTPA. Such acts include:

A. Engaging in false, misleading, or deceptive acts or practices in the conduct of any trade or commerce, as alleged more specifically herein, in violation of §17.46(a) of the DTPA;

B. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not have, as alleged more specifically herein, in violation of §17.46(b)(5) of the DTPA;

C. Representing that goods and services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another, as alleged more specifically herein, in violation of §17.46(b)(7).

D. Advertising goods or services with intent not to sell them as advertised as more specifically alleged herein in violation of §17.46(b)(9) of the DTPA.

E. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve or which are prohibited by law as set forth herein in violation of §17.46(b)(12) of the DTPA.

F. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed, in violation of DTPA §17.46(b)(24).

11.2 Defendants, as alleged above and detailed below, have in the course of trade and

commerce engaged in false, misleading, or deceptive acts or practices defined by TEX. BUS. COM. CODE ANN. §38.303 by violating TEX. BUS. COM. CODE ANN. §38.101(a). Such acts include:

A. Engaging in telephone solicitation with a purchaser located in the State of Texas without fulfilling the requirement of registering with the Secretary of State and posting the required bond in violation of TEX. BUS. COM. CODE ANN. §38.101(a) and § 38.107.

DISGORGEMENT

12.1 All of Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for Defendants to retain, including all ill-gotten gains and benefits or profits that result from Defendants putting fraudulently converted property to a profitable use. Defendants should be ordered to disgorge all monies fraudulently taken from individuals and businesses together with all of the proceeds, profits, income, interest and accessions thereto. Such disgorgement should be for the benefit of victimized consumers and the State of Texas.

REPATRIATION OF ASSETS

13.1 After due notice and a hearing, the court should order that all of Defendants' assets situated outside the jurisdiction of this Court be deposited or repatriated into an appropriate financial institution within the jurisdiction of this Court.

NECESSITY OF IMMEDIATE RELIEF TO PRESERVE DEFENDANTS' ASSETS

14.1 Plaintiff requests immediate relief by way of a Temporary Restraining Order and Temporary Injunction to preserve and protect Defendants' assets from dissipation so that the many victims of Defendants' actions can receive the restitution to which they are entitled. Defendants take in great sums of money from consumers through their scheme and use fraudulently solicited funds for personal gain. Defendants' assets are subject to dissipation for the following reasons:

- a) Defendants refuse to refund monies to consumers after Defendants fail to assist consumers in saving their homes as promised. (Exhibit "A," pages 1 and 22; Exhibits "B" and "D"). Defendants are in possession of funds to which they have no valid claim.
- b) Defendants are not registered and bonded under the Texas Telephone Solicitation Act, thus all the monies received from Texas consumers is contraband and subject to disgorgement and distribution to Texas consumers. (Exhibit "G", Certificate of No Record from Texas Secretary of State); see also TEX. BUS. COM. CODE ANN. §38.101(a) and § 38.107.
- c) Defendants receive millions of dollars a year from unsuspecting consumers who believe Defendants will assist them in saving their homes. Defendant FAS receives money from consumers in the form of Western Union and other wire transfers, debits from consumers' checking accounts, debits from consumers' credit cards and from checks and money orders. In 2004, Defendant FAS reported gross revenues to the IRS of \$3,179,387.00. (Exhibit "H" attached hereto and incorporated herein). Defendant FAS also received millions of dollars in revenue in 2005 and 2006. (Exhibits "I" and "J" attached hereto and incorporated herein).¹ The individual Defendants, named herein, receive large sums of money from Defendant FAS as salaries, bonuses and other compensation. (Exhibits "K-M" attached hereto and

¹Defendant FAS has accounts at Bank of America. FAS Bank of America Account numbers **** * 6849 and **** * 6687 indicate that the total sum of \$16,096,893.03 was deposited in both accounts in 2005-2006. Most of the deposits into these two accounts came from consumers who purchased Defendants' "services", but there were transfers of funds between the two accounts, and when these transfers are factored out, the net amount deposited into these two accounts for 2005-2006 is \$12,926,893.03. There was also a significant number of "chargebacks" on deposit items which further reduces this \$12,926,983.03 figure. Even so, Defendants received millions of dollars annually from consumers who were desperate to save their homes.

incorporated herein). The managing member of Defendant FAS is R.A.I.L. Limited Partnership, L.L.L.P. and Defendant Adolfo Quintero², both of whom receive large sums of money from Defendant FAS. (Exhibits "N, O, & L" attached hereto and incorporated herein). Defendant J.W.W. Services, Inc. is a California company operated by Defendant John Woodruff. Both John Woodruff and J.W.W. Services, Inc. have received over a million dollars from the coffers of Defendant FAS. Defendant Woodruff signs checks payable to J.W.W. Services, Inc. and then endorses some of them on behalf of J.W.W. Services, Inc. (Exhibit "P" attached hereto and incorporated herein). The monies being remitted to these Defendants by Defendant FAS are fraudulently obtained and thus are subject to disgorgement as restitution for injured consumers.

- d) Defendants John Woodruff, Herb Zerden and Adolfo Quintero manage, operate and control Defendant FAS. Defendant Herb Zerden was the initial managing member and registered agent of Defendant FAS (Exhibit "Q") and is currently the Manager of Mayan Enterprise, L.L.C. which is the General Partner of R.A.I.L. Limited Partnership, L.L.L.P., which in turn is the current managing member of Defendant FAS. (Exhibits "N & R"). Herb Zerden, John Woodruff and Adolfo Quintero are signatories on FAS accounts at Bank of America. (Exhibit "S").
- e) Monies received from consumers are being dissipated quickly by the individual defendants who receive much of these monies via payments to themselves for their personal use. (Exhibits "K-M, O, & P").

14.2. For these reasons, the assets of Defendants are subject to dissipation and secretion

²The General Partner of R.A.I.L. Limited Partnership, L.L.L.P. is Mayan Enterprise, L.L.C. The manager of Mayan Enterprise, L.L.C. is Defendant Adolfo Quintero. (Exhibits "N & R").

and therefore should be frozen pending final trial so restitution can be made and full and final relief can be awarded at final trial.

**REQUEST TO CONDUCT DISCOVERY PRIOR
TO TEMPORARY INJUNCTION HEARING**

15.1 Plaintiff requests leave of this Court to conduct telephonic, oral, written and other Depositions (containing requests for production) of witnesses prior to any scheduled Temporary Injunction Hearing and prior to Defendants' answer date. There are a number of victims and other witnesses who may need to be deposed prior to any scheduled temporary injunction hearing. Some of these witnesses live outside the State of Texas and thus cannot appear at any scheduled Temporary Injunction hearing. Any depositions, telephonic or otherwise, would be conducted with reasonable, shortened notice to Defendants and their attorneys, if known.

TRIAL BY JURY

16.1 Plaintiff herein requests a jury trial and tenders the jury fee to the Bexar County District Clerk's office pursuant to TEX. R. CIV. P. 216 and TEX. GOVT. CODE ANN. §51.604.

INJURY TO CONSUMERS

17. Defendants have, by means of these unlawful acts and practices, obtained money or other property from identifiable persons to whom such money or property should be restored or who, in the alternative, are entitled to an award for damages.

REQUEST FOR DISCLOSURE

18. Under Texas Rule of Civil Procedure 194, Plaintiff requests that Defendants disclose, within 50 days of service of this request, the information or material described in Rule 194.2(a)-(1).

**APPLICATION FOR EX PARTE TEMPORARY RESTRAINING ORDER,
TEMPORARY INJUNCTION AND PERMANENT INJUNCTION**

19. Because Defendants have engaged in the unlawful acts and practices described above,

Defendants have violated and will continue to violate the law as alleged in this Petition. Unless immediately restrained by this Honorable court, Defendants will continue to violate the laws of the STATE OF TEXAS and cause immediate, irreparable injury, loss and damage to the State of Texas and to the general public. Therefore, Plaintiff requests an Ex Parte Temporary Restraining Order, Temporary Injunction and Permanent Injunction as indicated below.

PRAYER

20.1 WHEREFORE, Plaintiff prays that Defendants be cited according to law to appear and answer herein; that before notice and hearing a TEMPORARY RESTRAINING ORDER be issued; that after due notice and hearing a TEMPORARY INJUNCTION be issued; and upon final hearing a PERMANENT INJUNCTION be issued, restraining and enjoining Defendants, Defendants' successors, assigns, officers, agents, servants, employees and attorneys and any other person in active concert or participation with Defendants from engaging in the following acts or practices:

A. Transferring, concealing, destroying, or removing from the jurisdiction of this Court any books, records, documents, invoices or other written or computer generated materials relating to the business of Defendants currently or hereafter in their possession, custody, or control except in response to further orders or subpoenas in this cause;

B. Transferring, spending, hypothecating, concealing, encumbering, or removing from the jurisdiction of this court any money, stocks, bonds, assets, notes, equipment, funds, accounts receivable, policies of insurance, trust agreements, or other property, real, personal, or mixed, wherever situated, belonging to or owned by, in possession of, or claimed by Defendants, insofar as such property relates to, arises out of, or was derived from the business operation of Defendants without further order of this Court;

C. Entering into agreements to represent consumers in the State of Texas without providing a detailed written list to each consumer of the specific methods and actions Defendants will actually use to assist consumers in preventing foreclosure of their home prior to receiving any money or compensation from consumers;

D. Representing to a consumer, expressly or by implication, that foreclosure on their home is or is not imminent without providing written proof from the entity which threatened or initiated foreclosure which substantiates such representation;

E. Failing to provide and deliver to consumers a weekly written statement or similar document which details each and every contact that the Defendants have had with the homeowner's mortgage company [or mortgage company's designated agent] together with the date and time of the contact, the person and phone number contacted, the identity of the person making the contact for Defendants, and the precise request and specific result of the request relating to preventing the consumer's home or property from being foreclosed upon;

F. Representing, expressly or by implication, that Defendants can assist consumers in preventing foreclosure of their property or that Defendants can assist consumers with paying any arrearage on any mortgage so as to prevent foreclosure unless Defendants actually undertake and document specific and continuous actions to so assist consumers within one business day of receipt of funds from any consumer paying for such services;

G. Failing to provide and remit full and complete refunds to consumers within 48 hours of receiving information from any mortgage company or other source which indicates to a reasonable person that Defendants will not be successful in assisting the consumer from saving his or her home or other property from foreclosure;

H. Failing to notify consumers orally and in writing within 48 hours of receiving

information from any mortgage company which indicates to a reasonable person that Defendants will not be successful in assisting the consumer from saving his or her home or other property from foreclosure;

I. Making any telephone solicitation to or from a person for the purpose of inducing the person to purchase, rent, claim, or receive an item or service, unless Defendants have first registered and posted a bond with the Texas Secretary of State pursuant to Chapters 37 & 38 of the Texas Business and Commerce Code.

J. Taking any fee or any type of consideration from consumers for the purpose of assisting them in any type of foreclosure proceeding without providing the specific type and amount of assistance represented;

K. Transferring, spending, hypothecating, concealing, encumbering, withdrawing, removing, or allowing the transfer, removal, or withdrawal, from any financial institution or from the jurisdiction of this Court, any money, stocks, bonds, assets, notes, equipment, funds, accounts receivable, policies of insurance, trust agreements, or other property, real, personal, or mixed, wherever situated, belonging to or owned by, in the possession of, or claimed by said Defendants without notice to Plaintiff and the approval of this Court.

L. Destroying, altering, mutilating, concealing, transferring, or otherwise disposing of or changing any records related to any defendant or entity in which any defendant has an ownership interest.

20.2 In addition, Plaintiff State of Texas respectfully prays that this Court will:

A. Adjudge against Defendants civil penalties in favor of Plaintiff State of Texas in an amount of not more than \$20,000 per violation of the DTPA;

B. Adjudge against Defendants civil penalties in favor of Plaintiff State of Texas in

an amount of not more than \$5,000 per violation of TEX. BUS. COM. CODE ANN. §38.101(a);

C. Order Defendants to restore all money or property taken from identifiable persons by means of unlawful acts or practices, or in the alternative, award judgment for damages to compensate for such losses;

D. Order Defendants to pay Plaintiff State of Texas' attorneys fees and costs of court pursuant to TEX. GOV'T CODE §402.006(c);

E. Order Defendants to pay pre-judgment interest on all awards of restitution, damages, civil penalties and attorney fees as provided by law; and

F. Grant all other relief to which Plaintiff State of Texas may show itself entitled.

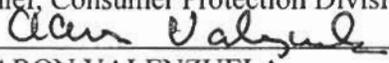
Respectfully submitted,

GREG ABBOTT
Attorney General of Texas

KENT C. SULLIVAN
First Assistant Attorney General

JEFF L. ROSE
Deputy First Assistant Attorney General

PAUL D. CARMONA
Chief, Consumer Protection Division


AARON VALENZUELA

SBN 20434500

MARK COFFEE

SBN 04483500

RAUL NORIEGA

SBN 15078400

JOHN OWENS

SBN 15379200

Assistant Attorneys General

Consumer Protection Division

115 E. Travis, Suite 925

San Antonio, Texas 78205-1615

Telephone 210-225-4191 ext. 107

Facsimile 210-225-1075

ATTORNEYS FOR PLAINTIFF