

Confidential Memorandum

To:

From:

Date:

Re: [Company]

Overview

This memorandum provides an overview of the operations of [Company], an entity previously known as [other company] among other names. Approximately ## consumers from at least ## states have filed complaints with the Loan Modification Scam Prevention Network's database (the "Database"), reporting that they paid upfront fees ranging from \$### to \$#,### and received essentially nothing in return. The homeowners represented in the complaints paid a total of \$###,###. Of these complaints, at least ## were filed by homeowners in [State].¹

The information in this memorandum and in the attachments was collected through internet research and consumer complaints submitted to the Database. Nearly all of the consumers reporting complaints were affected before the effective dates of the Federal Trade Commission's MARS Rule (December 29, 2010 and January 31, 2011 for the advanced-fee ban). However, as of the writing of this memo, many of the misleading websites associated with [Company] and some of its more recent incarnations remain in operation.

The Lawyers' Committee and [Firm] have saved (a) documents used in the companies' operations, (b) examples of the companies' various websites, and (c) documentation of a number of actions by state-level government entities and small claims judgments against [Company] and individuals involved. Those documents are being shared between the Lawyers' Committee and [Firm].

Possible Defendants

[Possible Defendant]

[Principal] has operated questionable financial services providers in California for over a decade.² In 2008, he and partner [Partner] began three new entities, all

¹ The Database includes complaints from homeowners in [list states and number in each state].

² [Info re: other entities].

registered to the same address in [Place]: [List of Companies].³ As of the date of this memo, the Database included complaints against each of these entities, with the vast majority of these complaints focused on [Company] (# complaints) and [Company] (# complaints). As of the date of writing, [List of Companies] remained listed as an active business with the California Secretary of State (see Appendix A).

Of the ## complaints against [Company], ## were filed by homeowners in California. The complaints against [Company] currently total approximately \$###,### while the subset of California complaints against [Company] currently totals approximately \$##,###.

Of the ## complaints against [Company 2], twelve were filed by homeowners in California. The complaints against [Company 2] currently total approximately \$##,### while the subset of California complaints against [Company 2] currently totals approximately ##,###.

[Other Possible Defendant]

Beyond these registered entities, the potential defendants are behind at least one additional entity not currently registered with the California Secretary of State's office or its equivalent in another state. This entity, [Other possible defendant], asks for "pre-litigation" fees from consumers interested in taking part in class action lawsuits against their lenders. Their website ([website]) does not list the name of any attorneys, but does advertise the same phone number as a second site ([website]), which lists the name of California lawyer [Person].⁴ Both websites are hosted on the same web server, the same server used for [List of Companies], and related sites (see Appendix B). However, [Person's] own site lists different contact information, is not hosted on the same server, and specifically claims that he is not associated with [Other possible defendant].

It is unclear whether [Person] is or has ever been involved with [Other possible defendant], but it is clear that [Other possible defendant] is somehow associated with both [Principal & partner of main Company] through the common internet server. [Other possible address] also lists [same address as main Company] as its address. This address, a mailbox at a UPS store (<http://www.theupsstorelocal.com/6011/>), is also listed as the address of [Primary Company] on its main website ([website]). There are not currently any complaints against [Other possible defendant] listed in the Database.

³ [Info re: entities].

⁴ The website, [website], was no longer active as of [date], but has been saved using Telepro.

*[Key People Involved]*⁵

The main [Company] website ([website]) lists its CEO as [Person] and a second [Company] site lists [other persons] as additional corporate officers. This second site also conveniently lists [Principal's] full name as its web address ([website]). According to their profiles on this and affiliated websites, [Info about people

Two of the actions against [Companies] (described below) also name [Person] as a defendant, but [Person's] name does not currently appear elsewhere on [Company] materials.

State Actions

As of writing, at least three state agencies had taken action against one or more of these entities. In [Date], the [state department] issued an order to desist and refrain against [Companies and individuals] for operating a loan modification business without a license.⁶ In [Date], the [state department] ordered [Companies and individuals] to pay a civil penalty and cease their operations in the state.⁷

[Additional Information re: state actions against companies or individuals]

Federal court actions

[Discussion of any federal court actions, including citations]

Judgments and Liens—Small Claims

[Discussion of Small Claims actions, including citations.

Complaints—PreventLoanScams.org Database

As described above, the Database currently lists over ## complaints against [Company] and allegedly related entities. The consumers became involved with the entities through a number of means. Some allege that the entities contacted them by phone, while others were referred through a friend or contacted the entities after seeing a print or television advertisement. The consumers paid an upfront fee, typically

⁵ As of [date], neither [Principal] nor [Partner] was listed as licensed with the California Departments of Corporations, Financial Institutions, Real Estate, or Office of Real Estate Appraisers. None of the entities mentioned in this memo were licensed by any of these agencies as of writing.

Additionally, as of a June 27, 2011 Lexis search, none of the individuals or companies listed above were a party in any federal or state lawsuit.

⁶ [Cite]

⁷ [Cite]

supplemented by monthly membership fees.⁸ Once the homeowners had provided requested documentation and paid these fees, they generally report that they were suddenly unable to get in contact with the entity or were constantly shuffled between employees, none of whom provided meaningful assistance. Some of the homeowners report making unsuccessful attempts to secure a refund once they had realized the entity was not providing any service.

Complaints—Other

Beyond the homeowner complaints in the Database, an untold number of homeowners have reported complaints against these entities on consumer message boards and to the BBB (see Appendix C). Many of these complaints allege connections between the various entities, nearly all of which were confirmable through a common internet server or other means.

Assets

While it was not possible to find a comprehensive listing of assets, both [People] appear to have bought and sold a number of properties for both business and personal use throughout the past decade. [Principal] declared bankruptcy in [state] in 2002, but proceedings have been closed since [date].

[Person], acting on behalf of [Company], filed a 2009 IRS Form 990 form to register the organization as a 501(c)(3) non-profit. This form and attached balance sheet give some information on assets held by the organization at that time, claiming a total program income of approximately \$# and total expenses of approximately \$#. The organization is not currently listed as a non-profit with the IRS, but all [Company] sites advertise the organization as a non-profit (see e.g. [website]).

Other Documentation

[Describe any other documentation here]

Appendix A Entity Registration

⁸ The monthly fees are generally listed in the complaints as \$## a month. It is unclear in some of the complaints whether the total amount paid includes some number of these “membership” payments.

Source: California Secretary of State business search at <http://kepler.sos.ca.gov/>, current as of June 20, 2011

Entity Name:	...
Entity Number:	...
Date Filed:	...
Status:	...
Jurisdiction:	...
Entity Address:	...
Entity City, State, Zip:	...
Agent for Service of Process:	...
Agent Address:	...
Agent City, State, Zip:	...

Appendix B Linking Websites through a common server

Information linking sites through a common server was gathered through a two-step process. First, I searched for the site's registration information on <http://who.godaddy.com/whoischeck.aspx>. As in the example bellow, all sites affiliated with [Company] are hosted through a web hosting company in [place]. The sites can be weakly linked through this common web hosting company, but are more strongly linked through a common server (see bottom of entry below).

Registrant:

...

...

Registered through: ...

Administrative Contact:

...

Technical Contact:

...

Domain servers in listed order:

...

To establish this link, I did a reverse IP domain check of the server name ([domain server name]) through <http://www.yougetsignal.com/tools/web-sites-on-web-server/>.

Reverse IP Domain Check

Remote Address

Check



Found **73** domains hosted on the same web server as ...

[list of domains']

Note: This search only produces sites known to be hosted on this server through search engines and other public means. It is not necessarily an exhaustive list.

Appendix C

Other Complaints (representative sample)

BBB Reports

[List BBB report links]

Consumer Message Boards

[Possible sites:

<http://www.scaminformer.com>

<http://www.complaintsboard.com>

<http://www.trustlink.org/>

<http://www.ripoffreport.com/>

