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CIVIL DIVISION
CASE PROCESSING

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION - BERGEN COUNTY
DOCKET NO.: L-7807-08

ANNE MILGRAM, Attorney General
of the State of New Jersey, and
DAVID SZUCHMAN, Director of the
New Jersey Division of Consumer
Affairs,

Plaintiffs,

v.

VEST FINANCIAL, L.L.C., ELIE
GEORGE ARMANI a/k/a ALEX
ARMANI, SOHRAB MOUSSAVIAN,
FELIX NIHAMIN, GLEN B.
THOMPSON, FRANCIS A. CIAMBRONE,
ANTHONY SCORDO III,
METROPOLITAN MORTGAGE SERVICES,
INC., SETTLEMENT SOURCE,
L.L.C., DBK REALTY INVESTMENTS,
L.L.C., PHILIP L. ALTIERI,
VIVIANA M. CEBALLOS RUIZ,
KRISTOPHER PILONE, TOM A.
ANDRIOPOULOS, JP GLOBAL
PROPERTY MANAGEMENT, INC.,
PETER H. ECKHARDT, JR., RHYS A.
HERRMANN,

Defendants.

Civil Action

COMPLAINT

Plaintiffs Anne Milgram, Attorney General of the State of New Jersey ("Attorney General"), with offices located at the Hughes Justice Complex, 25 Market Street, Trenton, New Jersey, and David Szuchman, Director ("Director") of the New Jersey Division of Consumer Affairs, with offices located at 124 Halsey Street, Seventh Floor, Newark, New Jersey 07102, by way of Complaint allege as follows:

PRELIMINARY STATEMENT

1. Many New Jersey homeowners are facing the prospect of losing their homes in foreclosure. These homeowners are desperate for a solution that will enable them to get back on their feet and remain in their homes.

2. Defendants have colluded to take advantage of such homeowners facing foreclosure. Preying on their financial distress and lack of economic sophistication, Defendants persuade distressed homeowners to enter into a complex real estate transaction wherein the homeowner surrenders title to their property to a third-party buyer ("straw-buyer") on the promise that the homeowner will (1) be able to inhabit his or her home temporarily as a renter, (2) use the proceeds from the transaction - the equity in the home - to pay "rent" on the property, (3) re-establish his or her credit, and (4) buy the property back in a year (hereinafter referred to as a "sale/lease-back transaction").

3. These promises are false. In reality, Defendants

divert the majority of proceeds from the sale/lease-back transaction to themselves, thereby pilfering most of the equity value accumulated in the property and leaving consumers no means to pay the rent, re-establish their credit, or buy the property back. Moreover, without informing the consumer, Defendants often sell the property to a second straw-buyer or refinance the mortgage during the lease term, thereby further encumbering the property, and making it impossible for the consumer to buy it back.

4. In many instances, when the distressed homeowner is not able to re-purchase the property at the end of the lease term, Defendants subject them to eviction proceedings and/or place the property for sale on the open market, forcing the consumer to leave the home they sought to preserve. In other instances, the Defendants continue to take monthly rent from the consumer but cease applying these payments toward the mortgage, leaving consumers to discover that the property is, once again, in foreclosure.

5. The distressed homeowners are left in a far worse position than they were in before entering the sale/lease-back transaction. Not only must they leave their homes, but they cannot even sell their homes and benefit from the equity that had accrued in their property over time.

6. Defendants' conduct constitutes multiple violations of the New Jersey Racketeer Influenced and Corrupt Organizations

Act, N.J.S.A. 2C:41-2 et seq., as well as the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq.

JURISDICTION AND THE PARTIES

7. The Attorney General is charged with the responsibility of enforcing the Consumer Fraud Act ("CFA"), N.J.S.A. 56:8-1 et seq. The Director is charged with the responsibility of administering the CFA and its attendant regulations on behalf of the Attorney General. This action seeking injunctive and other relief is brought by the Attorney General and the Director in their official capacities pursuant to their authority under N.J.S.A. 56:8-8, 56:8-11 and 56:8-13.

8. The Attorney General is also authorized by N.J.S.A. 2C:41-4(b) to proceed by way of civil action in Superior Court for violations of N.J.S.A. 2C:41-2 et seq., New Jersey's Racketeer Influenced and Corrupt Organizations Act (hereinafter "RICO").

9. Venue is proper in Bergen County, pursuant to R. 4:3-2(b), because it is a county in which the Defendants have conducted business, and where several of the affected properties are situated.

DEFENDANTS

10. Defendant Vest Financial, L.L.C. (hereinafter "Vest Financial") is a limited liability company incorporated in New Jersey on June 7, 2006, with offices formerly located at 107

Fairview Avenue, Paramus, New Jersey.

11. Defendant Metropolitan Mortgage Services, Inc. (hereinafter "Metropolitan Mortgage") was incorporated in New Jersey on March 22, 1993, and has its principal place of business at 745 Palisades Avenue, Cliffside Park, New Jersey. Metropolitan Mortgage is an active lender licensed by the New Jersey Department of Banking, and is in the business of obtaining mortgage loans for its customers.

12. Defendant Elie George Armani a/k/a Alex Armani (hereinafter "Alex Armani") of 235 Clark Terrace, Cliffside Park, New Jersey, is a mortgage solicitor actively licensed in New Jersey and is or was at one time an employee of Metropolitan Mortgage. At all times relevant hereto, Alex Armani held himself out to consumers as a principal of Vest Financial.

13. Defendant Sohrab Moussavian (hereinafter "Rob Moussavian") of 68 Regency Circle, Englewood, New Jersey, held himself out to consumers as a principal of Vest Financial.

14. Defendant Anthony Scordo, III (hereinafter "Tony Scordo, Esq.") of 5 Blueberry Lane, Leonardo, New Jersey, is an attorney licensed in the State of New Jersey with offices located at 1425 Pompton Avenue, Cedar Grove, New Jersey.

15. Defendant Felix Nihamin (hereinafter "Felix Nihamin, Esq.") of 707 Cinnamon Lane, Franklin Lakes, New Jersey, is an attorney licensed in the State of New Jersey and the registered agent for Vest Financial. Felix Nihamin maintains a law office

at 270 Sylvan Avenue, Suite 255, Englewood Cliffs, New Jersey.

16. Upon information and belief, Defendant Glen B. Thompson (hereinafter "Glen Thompson") is or was at one time an employee of the office of Felix Nihamin, and was involved in the transactions that are the subject of this action.

17. Defendant Francis A. Ciambrone (hereinafter "Francis Ciambrone, Esq.") is an attorney licensed in the State of New Jersey, with offices located at 242 Oradell Avenue, Paramus, New Jersey.

18. Defendant Rhys A. Herrmann (hereinafter "Rhys Herrmann") of 511 Franklin Avenue, Belleville, New Jersey, was a straw-buyer of at least one of the properties that is the subject of this action.

19. Defendant JP Global Property Management, L.L.C. (hereinafter "JP Global") is a company incorporated in New Jersey on July 21, 2005, with offices formerly located at 2 Broad Street, Suite 509, Bloomfield, New Jersey.

20. Defendant Peter H. Eckhardt, Jr. (hereinafter "Pete Eckhardt") of 3 Sunshine Lane, Livingston, New Jersey, is the registered agent and Chief Executive Officer of JP Global.

21. Defendant Philip L. Altieri (hereinafter "Phil Altieri") of 11 Hyde Road, Flemington, New Jersey, is an actively licensed mortgage solicitor in New Jersey.

22. Defendant Kristopher Pilone (hereinafter "Kris Pilone") of 724 Green Lane, Union, New Jersey, is an actively licensed

mortgage lender in New Jersey.

23. Defendant DBK Realty Investments, L.L.C. (hereinafter "DBK Realty") was incorporated in New Jersey on September 22, 2005, with a listed address of 55 Carter Drive, Edison, New Jersey. DBK Realty was suspended from doing business in New Jersey in 2008 for failure to make annual report payments. Kris Pilone is the registered agent for DBK Realty.

24. Defendant Tom A. Andriopoulos (hereinafter "Tom Andriopoulos") of 687 Pine Lake Drive, Washington Township, New Jersey, is an actively licensed mortgage solicitor in New Jersey and is or was at one time an employee of Metropolitan Mortgage.

25. Defendant Settlement Source, L.L.C. (hereinafter "Settlement Source") is a limited liability company incorporated in New Jersey on June 4, 2001, with offices located at 55 Carter Drive, Suite 201, Edison, New Jersey.

26. Defendant Viviana M. Ceballos Ruiz (hereinafter "Viviana Ruiz") of 71 Melville Road, Hillsdale, New Jersey, was a straw-buyer of several properties that are the subject of this action.

27. Defendants John and Jane Does 1 through 10 are fictitious names for additional purchasers, mortgage brokers, and/or attorneys who, by their actions, furthered a foreclosure rescue scheme as described herein. As the identity of these individuals becomes known to Plaintiffs, Plaintiffs will seek permission to amend this Complaint to allege the true names and

capacities of such defendants.

28. Defendant XYZ companies 1 through 10 are fictitious names for additional corporations, limited liability companies, and proprietorships which furthered a foreclosure rescue scheme as described herein. As the identity of these entities becomes known to Plaintiffs, Plaintiffs will seek permission to amend this Complaint to allege the true names and capacities of such defendants.

THE SCHEME

29. Defendants solicit consumers facing the foreclosure of their homes or otherwise experiencing financial difficulties that could result in the foreclosure of their homes (hereinafter "distressed homeowners"). Defendants advertise their foreclosure rescue services over the Internet and over radio airwaves, and by word of mouth to members of the real estate and mortgage broker communities.

30. The Defendants lead distressed homeowners to believe that the Defendants will save their homes from foreclosure and aid them in relieving their financial stress.

31. The Defendants persuade distressed homeowners to enter into a complex real estate transaction whereby the homeowner surrenders title to their property to a buyer (hereafter referred to as a "straw-buyer") on the promise that they will be able to continue to inhabit their home as a renter and buy the property back in one year (hereinafter referred to as a "sale/lease-back")

transaction).

32. To date, Plaintiffs have identified nine (9) properties transferred from distressed homeowners by operation of the Defendants' foreclosure rescue scheme. Upon information and belief, at least six (6) additional properties have been similarly transferred.

33. Plaintiffs intend to seek restitution for all consumers identified to date who have been injured by Defendant's unlawful actions, as well as for any additional injured consumers Plaintiffs identify. Upon information and belief, the unlawful activities of Defendants are ongoing and Plaintiff reserves the right to amend this Complaint to include other consumers who are injured as a result of Defendants' unlawful practices.

34. The following allegations are pled as illustrations of Defendants' unlawful business practices and are not meant to be exhaustive.

*Mr. and Mrs. Clifton**

35. Mr. and Mrs. Clifton have lived in their home in Clifton, New Jersey since they purchased it in 1996. They currently reside there.

36. By operation of the Defendants' foreclosure rescue scheme, the Defendants stole approximately \$50,000 in equity from the Cliftons, and obtained more than \$395,000 in fraudulent loans.

* Fictitious names are provided herein for all illustrations; true names to be provided at the

37. In the Fall of 2005, after a series of financial difficulties which led them to default on their mortgage, the Cliftons sought refinancing. An acquaintance recommended they consult with Tom Andriopoulos of Metropolitan Mortgage. Mr. Clifton contacted Tom Andriopoulos, and gave him his financial information in order to process a loan application. Approximately ten days later, Tom Andriopoulos told the couple that he could not find them a lender, and he recommended they meet with someone he knew who could offer them an alternative method for saving their home from possible foreclosure.

38. Tom Andriopoulos arranged for the couple to meet with Alex Armani of Vest Financial at their home in January of 2006.

39. Alex Armani told the couple that in order to help them avoid foreclosure, he would purchase their home and lease it back to them for approximately one year, after which they could re-purchase the home for the amount for which they sold it to him. He told them that the first ten monthly payments of their lease would be "pre-paid" out of the money they would receive at the closing, and that all liens against the property would be removed. Alex stated he would charge them \$10,000, which would also be paid from their proceeds at the closing. The couple believed there was no other option available to help them avoid foreclosure.

40. On or about February 2, 2006, Tom Andriopoulos of

Metropolitan Mortgage prepared a loan application with and for Viviana Ruiz, who was to act as the straw-buyer of the Cliftons' property, and who was unmarried and 24 years old at the time. The application requested a loan in the amount of \$396,000, with an adjustable interest rate starting at 8.8%. Upon information and belief, Viviana Ruiz' loan application falsely listed her as having been employed as a chemist for four years by RJB Metal Finishing in Newark, and having a gross monthly income of \$9,800. The application also falsely stated that the property would become Viviana Ruiz' primary residence.

41. A Contract of Sale was included with the loan application, purportedly signed by the couple on January 19, 2006, which stated that a deposit of \$44,000 was paid upon signing the contract. The contract also stated that Tony Scordo, Esq. was the Seller's attorney, and that he was holding all deposit monies in trust. Mr. and Mrs. Clifton had not signed the Contract of Sale on January 19th, nor did they ever receive a deposit of \$44,000.

42. On or about January 26, 2006, Tony Scordo, Esq. submitted a letter to Metropolitan Mortgage stating that he represented the sellers in the transaction, that he was in receipt of the deposit and closing costs in the amount of \$59,000, and that he was holding said funds in his escrow account. Upon information and belief, Tony Scordo, Esq., did not receive and hold in his trust account the deposit and closing

cost funds for the Cliftons in connection with the sale/lease-back transaction.

43. The closing meeting took place on March 9, 2006 at a law office near Totowa, New Jersey. Mrs. Clifton had asked Alex Armani beforehand whether she and her husband should bring an attorney with them, and he told her that an attorney representing them would be at the closing. At the closing, Alex Armani introduced the couple to Tony Scordo, Esq., and told them that he was the attorney representing them in the sale/lease-back transaction. Mr. and Mrs. Clifton had never spoken to or met Mr. Scordo before that day.

44. As of March 9, 2006, the outstanding liens against the property, including the mortgage, late payment fees and costs related to the foreclosure proceedings, totaled approximately \$338,000. The new loan taken by Viviana Ruiz, was \$396,000 at an adjustable interest rate starting at 8.95%. Viviana Ruiz' monthly principal and interest payment was \$3,039.36, amortized over 40 years, and she certified to the lender that she intended to reside in the property.

45. At the closing, Alex Armani introduced the couple to Viviana Ruiz for the first time, and told them that she would be the actual purchaser of their home, not himself as he originally stated.

46. At the closing, the couple signed several documents presented to them, including a lease stating that a deposit of

\$41,000 would serve as pre-paid rent for 10 months at \$4,100 per month, and that the Landlord - Viviana Ruiz - would pay the legally required interest on the deposit to the tenants, Mr. and Mrs. Clifton.

47. At the closing, under the direction and authority of Felix Nihamin, Esq., or someone representing the law office of Felix Nihamin, Esq., Metropolitan Mortgage received a \$3,960 Mortgage Broker Fee; attorneys Felix Nihamin, Esq. and Tony Scordo, Esq. received \$1,000 and \$800, respectively; and according to the Settlement Statement, Cash to Seller totaled \$57,699.42 (line 603) and Cash From Buyer totaled \$15,035.50 (line 303). Tony Scordo, Esq. prepared and witnessed execution of the Deed, attesting that Mr. and Mrs. Clifton stated to his satisfaction that they received \$440,000 as the full and actual consideration for transferring ownership.

48. In truth and fact, Mr. and Mrs. Clifton did not receive the almost \$58,000 that the Settlement Statement reflects they received at the closing meeting; nor did they receive the \$44,000 earnest money deposit supposedly held by Tony Scordo, Esq., who they were told was representing their interests in the transaction. In fact, the couple received no money from the transaction, nor did they receive copies of any of the documents they signed.

49. Upon information and belief, Viviana Ruiz received \$36,074 from the trust account of Felix Nihamin, Esq., in two

payments within one week of the closing meeting where she purchased the Clifton's home.

50. Although Alex Armani had told the Cliftons that ten months of rent payments would be taken from their proceeds of the sale and held in escrow to be applied as rent, after the closing he told them that there were not enough funds available from the deal, that they would have to pay the difference to make up what was owed to him, and they would also have to start making rental payments to Vivian Ruiz immediately. Fearing eviction from the home in which they so desperately wanted to remain, the couple believed they had no choice but to pay the extra money Alex Armani demanded. Between March 18, 2006 and February 23, 2007, Mr. and Mrs. Clifton paid Alex Armani and/or Viviana Ruiz an additional \$33,470.00 in monthly rent payments.

51. In March 2007, Mr. Clifton contacted Metropolitan Mortgage in an attempt to obtain a mortgage to re-purchase their home. Mr. Clifton spoke to a different broker (not Tom Andriopoulos) at Metropolitan Mortgage and was told he would get back to them. A few days later, Alex Armani contacted the couple and told them that Metropolitan Mortgage could not help them obtain a mortgage. Alex Armani had never told the Cliftons that he was an employee of Metropolitan Mortgage or that he was a licensed mortgage solicitor who could write mortgages, so the Cliftons were surprised that he knew they had contacted Metropolitan Mortgage. The Cliftons felt they had no choice but

to continue to deal with Alex Armani if they wanted to buy their house back.

52. Although the Cliftons continue to reside in the property, they currently pay Viviana Ruiz \$4,450 each month as rent, and have invested thousands of dollars in maintaining the property, as they were required to do under the terms of their lease. Their requests of Alex Armani and/or Viviana Ruiz for statements regarding the "escrow" account originally established from the sale proceeds have been repeatedly ignored. They cannot continue to pay rent in this amount and are anxious about what they will do next.

53. Upon information and belief, within ninety (90) days of purchasing the Cliftons' property, Viviana Ruiz purchased three additional properties by operation of the foreclosure rescue scheme, closing one of the deals just twelve (12) days after the Clifton deal. Alex Armani completed all three of the loan applications for these purchases. Each application listed as income the rent Viviana Ruiz received or would receive from properties she acquired or would acquire by virtue of the foreclosure rescue scheme. Tony Scordo, Esq. represented that he held the deposits and closing costs in escrow for these transactions, which, upon information and belief, was false.

Mr. Lacey

54. In 1999, Mr. Lacey and his wife purchased a vacant lot in Lacey Township, New Jersey. They consulted an architect and

built their dream home on that lot. They currently reside there. Mrs. Lacey has chronic obstructive pulmonary disease and other documented health issues, and is unable to work.

55. By operation of the Defendants' foreclosure rescue scheme, the Defendants stole approximately \$135,000 in equity from Mr. Lacey, and obtained more than \$641,000 in fraudulent loans. Mr. Lacey's home is currently in foreclosure.

56. In April 2006, Mr. Lacey's outstanding mortgage on his home was approximately \$409,000. As set forth below, Defendants "helped" Mr. Lacey refinance his mortgage by obtaining a loan for \$528,000, but they took \$60,000 from that transaction. Subsequently, Defendants sold his home to a straw-buyer by obtaining a new mortgage of \$641,000, and siphoned off an additional \$75,000 from that transaction.

57. In April 2006, due to corporate downsizing and other unplanned financial circumstances, Mr. Lacey foresaw that he needed to refinance the mortgage on his home or he would soon default on the payments. He sought refinancing with commercial lenders, but was unable to obtain a mortgage that he could manage, given his new career in sales.

58. In September 2006, Mr. Lacey heard an advertisement on the radio for a company that offered to help with refinancing and mortgage trouble. He called the advertised number and spoke to Phil Altieri, who represented to Mr. Lacey that he was a mortgage broker and a "wealth advisor." During that initial conversation,

Phil Altieri researched Mr. Lacey's credit status and told Mr. Lacey that he would be able to help him.

59. Phil Altieri met with the Laceys at their home in late September, and recommended they refinance their mortgage through "private investors" with whom he had a business relationship. He told Mr. Lacey that the interest rate would be "expensive, like 10-12%" but that it was the only way they could save their house. Phil Altieri also said that the new mortgage would be sufficient to cover ten months of mortgage payments to Mr. Lacey at the closing, which would give him an opportunity to repair his credit and improve his financial situation. Phil Altieri promised Mr. Lacey that within six months to one year, he would be able to assist Mr. Lacey in refinancing again by obtaining a mortgage with flexible payment options.

60. On October 2, 2006, a real estate appraiser came to Mr. Lacey's home to perform an appraisal. When Mr. Lacey inquired who sent him, the appraiser said the appraisal had been commissioned by Alex Armani. Mr. Lacey had never heard of anyone by that name.

61. Phil Altieri later told Mr. Lacey that Alex Armani was one of the investors who would be involved with the refinance deal, and that Mr. Lacey should pay the \$300 appraisal fee directly.

62. On October 20th, the same appraiser returned to the property, again stating that it was at the request of Alex

Armani. Alex Armani told Mr. Lacey to pay the appraiser a second \$300 fee, and that all other costs would be paid at the closing of the refinance transaction. Mr. Lacey paid the second appraisal fee.

63. In truth and fact, Phil Altieri commissioned the first appraisal under the auspices of "Funding Solutions," a fictitious business name, and directed the results to Alex Armani. Alex Armani commissioned a second appraisal approximately two weeks later on behalf of Metropolitan Mortgage. As of October 17, 2006, the property was valued at \$755,000.

64. Unbeknownst to Mr. Lacey, on or about October 19, 2006, Alex Armani prepared a mortgage application in the name of Mr. Lacey himself, requesting a loan of \$528,000 with an adjustable interest rate starting at 10.95%. Upon information and belief, Alex Armani caused falsified income and employment verifications to be submitted to Metropolitan Mortgage and/or potential lenders in order to substantiate the loan application he prepared in the name of Mr. Lacey. The stated purpose of the loan was a "cash-out" refinance.

65. Long Beach Mortgage Company approved the loan application submitted by Alex Armani in the name of Mr. Lacey.

66. Settlement Source conducted the closing meeting in Edison, New Jersey on October 26, 2006. Neither Phil Altieri nor Alex Armani was present at the closing. However, Kris Pilone, who represented himself as a Vice President at Stanley Capital

Mortgage, told Mr. and Mrs. Lacey he would be covering the transaction on their behalf. An employee of Settlement Source, Kelli Dima, was present to notarize the signatures.

67. As of October 20, 2006, Mr. Lacey's outstanding mortgages totaled approximately \$409,000. With a new loan of \$528,000, Mr. Lacey was owed at least \$118,000, minus reasonable lender fees and settlement costs. Instead, Vest Financial received \$25,000 from Mr. Lacey's refinance loan; DBK Realty received \$35,000; Metropolitan Mortgage received \$7,920 in buy-down points, and \$5,280 as a yield spread premium. Mr. Lacey was not told about any of the fees before he arrived at the closing for the refinance, despite numerous contacts between himself and Alex Armani beforehand.

68. The Defendants never told Mr. Lacey that DBK Realty was involved in the October 2006 refinance in any way, and Mr. Lacey had never heard of DBK Realty, nor met anyone from the company. Upon information and belief, Kris Pilone, the registered agent for DBK Realty who said he was "covering" for Alex Armani and Phil Altieri at the closing, and who Mr. Lacey had never met before that day, actually represented DBK Realty.

69. The Settlement Statement reflects approximately \$21,000 being returned to Mr. Lacey, which he in fact did receive. Settlement Source disbursed an additional \$20,000 in outstanding consumer debt from the proceeds on behalf of the Laceys and with their knowledge (such as car loans and credit cards balances).

Mr. and Mrs. Lacey did not receive copies of any documents at the closing.

70. Thus, although Phil Altieri promised Mr. Lacey that he would receive at least \$50,000 at the closing to use for his mortgage payments for the next ten months, Mr. Lacey actually received only \$21,000 in cash from the closing, and his monthly mortgage payment began at \$5,000 with an adjustable rate.

71. In the days following the closing, Mr. Lacey contacted both Phil Altieri and Alex Armani to complain about their fees, and they responded with conflicting and ambiguous answers. Anxious about the future, and his ability to pay the larger mortgage he now held, Mr. Lacey told Phil Altieri and Alex Armani that he was disappointed in the refinance deal and that he was going to need another refinance in the very near future.

72. Mr. Lacey continued to press Alex Armani to arrange another refinance because he could not afford his current payments. In December 2006, Alex Armani told him it was "too soon" to refinance and to check back with him in January. By mid-February of 2007, Alex Armani told Mr. Lacey that he was now able to get a new mortgage, and that another appraisal of the property was necessary. The appraiser came once again to evaluate the property and Mr. Lacey paid another \$300.

73. Alex Armani contacted Mr. Lacey in late February and told him that he was not able to refinance the mortgage and that the only way to save the house now would be to enter into a

sale/lease-back transaction. By this time, Mr. Lacey was more than forty-five days late with his mortgage payment, and extremely anxious about his financial situation. He very reluctantly agreed to the sale/lease-back deal.

74. Alex Armani asked Mr. Lacey how much he could afford as monthly rent. Mr. Lacey told him that he could pay \$2,000 per month, and that he needed \$5,000 out of the transaction to catch up on his other debts. Alex Armani told him that these terms were "no problem."

75. The second transaction perpetrated by the Defendants upon Mr. and Mrs. Lacey was the sale/lease-back transaction whereby Mr. Lacey transferred title to Rob Moussavian for a purported purchase price of \$755,000.

76. Upon information and belief, in April or May of 2007, Alex Armani prepared, or caused to be prepared, a loan application for Rob Moussavian. The application requested a loan in the amount of \$641,000, with an adjustable interest rate starting at 8.5% amortized over 30 years.

77. Upon information and belief, Rob Moussavian's loan application falsely listed his base employment income as \$30,000 per month, and he falsely stated that he had given a deposit of \$130,000 to the sellers. In addition, the application lists an additional \$7,600 in rental income from three other properties which, upon information and belief, Rob Moussavian purchased in the preceding six months by operation of the same foreclosure

rescue scheme.

78. Upon information and belief, Alex Armani and Rob Moussavian caused falsified income, employment and rent payment verifications to be submitted to potential lenders in order to substantiate Rob Moussavian's loan application to purchase Mr. Lacey's property.

79. The closing meeting for the sale/lease-back occurred on June 1, 2007, approximately seven months after the refinance, at the office of Vest Financial in Paramus, New Jersey, under the direction and authority of the Law Offices of Graubard & Nihamin. At this closing, Alex Armani introduced Mr. and Mrs. Lacey to Rob Moussavian as his business partner. Rob Moussavian told Mr. and Mrs. Lacey that he did not want their house, that they could buy it back at any time, but that they should pay their rent on time. Despite the monthly rent and cash-out terms Alex Armani assured Mr. Lacey were "no problem," Mr. and Mrs. Lacey learned at the closing that their monthly rent would be \$2,600 - not \$2,000 - and they received a check for \$3,700 - not \$5,000.

80. As of June 1, 2007, Mr. and Mrs. Lacey's outstanding property liens, including late payment fees and costs related to the foreclosure proceedings, totaled approximately \$555,000 (the refinance loan seven months earlier was for \$528,000).

81. According to the Settlement Statement, Mr. and Mrs. Lacey were owed \$62,158.50, line 603, Cash to Seller, and had already received \$130,000 listed on the statement as the earnest

money deposit (line 201).

82. Mr. and Mrs. Lacey had never received the \$130,000 listed on the Settlement Statement as the earnest money deposit, nor did they receive the \$62,158.50 that appeared as cash owed to seller. As stated above, Mr. and Mrs. Lacey actually received a check for only \$3,700, and were told by Alex Armani that monthly rent payments in the amount of \$2,600 were due immediately.

83. Felix Nihamin, Esq. prepared the Deed and witnessed its execution, falsely attesting that Mr. and Mrs. Lacey stated to his satisfaction that they received \$755,000 as the full and actual consideration for transferring ownership of the property.

84. Upon information and belief, Vest Financial received \$60,370 from the sale of the property to Rob Moussavian, the borrower and buyer. Although the purported \$130,000 deposit was used to secure the \$641,000 loan, Rob Moussavian never gave an earnest money deposit.

85. Upon information and belief, Rob Moussavian did not pay real estate taxes on Mr. and Mrs. Lacey's dream home, despite having told Mr. Lacey that he would. On or about February 8, 2008, a tax lien against the property in the approximate amount of \$5,500 was recorded in Ocean County Court.

86. On or about May 6, 2008, a Notice of Lis Pendens was filed in Ocean County Court to foreclose the mortgage secured by the property. Upon learning of the notice, Mr. and Mrs. Lacey ceased sending rent payments to Rob Moussavian. They remain in

their home, but are anxious about what it will cost them to re-purchase it, and where they will go if they cannot afford to do so.

87. By operation of the foreclosure rescue scheme described herein, Rob Moussavian had purchased at least five (5) other properties between October 12, 2006 and June 1, 2007 when he purchased Mr. Lacey's. Alex Armani completed at least three of the loan applications, and rental income from each property owned at the time was used to substantiate Rob Moussavian's income and assets.

Ms. Emerson

88. Ms. Emerson, a senior citizen, has lived in her home in Emerson, New Jersey since she and her husband purchased it in 1981. She currently resides there.

89. By operation of the Defendants' scheme, the Defendants stole at least \$87,000 and obtained more than \$516,000 in fraudulent loans. Ms. Emerson's home is currently in foreclosure.

90. In late 2006, after her husband had died and she became ill, Ms. Emerson experienced financial difficulties and missed several payments on her mortgage. She received a Notice of Foreclosure, and she sought to refinance her mortgage.

91. Ms. Emerson was unable to refinance her property using a conventional lender due to her delinquent mortgage payments and poor credit rating. A mortgage broker she consulted referred her

to Vest Financial for help with the foreclosure. She spoke to Alex Armani and Rob Moussavian, who told her their business could save her property from foreclosure. Alex Armani did not explain to Ms. Emerson that he would arrange to sell Ms. Emerson's property to Rob Moussavian, who would obtain a larger mortgage, or that Vest Financial would exact a large fee for this "service" and that she would relinquish ownership of her home. Alex Armani did explain to Ms. Emerson that she would make monthly payments to Vest Financial in about the same amount as her mortgage payment, and that she would receive \$30,000 from the transaction with which she could pay her outstanding medical bills.

92. On or about December 22, 2006, Rob Moussavian applied for a loan in the amount of \$516,000 to purchase Ms. Emerson's home. Upon information and belief, Rob Moussavian fraudulently stated on the loan application that he was the owner of Time Travel Gemini Coach, that his monthly income from that business was \$20,833, and that he had cash in the amount of \$129,000. Further, Rob Moussavian listed two rental properties on the application to substantiate his assets and income. Upon information and belief, title to these two properties was transferred to Rob Moussavian by operation of the foreclosure rescue scheme described herein, and Francis Ciambrone, Esq. and Tony Scordo, Esq. were the two attorneys who facilitated these title transfers.

93. A Contract of Sale accompanied the loan application,

dated December 26th and purportedly bearing Ms. Emerson's signature, which was forged. The contract fraudulently stated that Tony Scordo, Esq. was holding all deposit monies in trust, and that Ms. Emerson would contribute three percent of the contract price toward Rob Moussavian's closing costs. In truth and fact, Ms. Emerson had not signed the Contract of Sale and knew nothing of the impending sale of her home, and she had not agreed to contribute some of her sale proceeds toward the costs for Rob Moussavian to purchase her home.

94. On or about February 8, 2007, Ms. Emerson arrived at the offices of Vest Financial in Paramus, New Jersey to consummate the deal she believed would save her home from foreclosure. Alex Armani and Rob Moussavian were present, as was another man who they said was their attorney. Upon information and belief, this other man was Felix Nihamin, Esq., or Glen Thompson acting on behalf of the law office of Felix Nihamin, Esq. Alex Armani and Rob Moussavian told Ms. Emerson that another attorney, Tony Scordo, Esq. who arrived shortly thereafter, would represent her interests.

95. A large pile of papers was placed in front of Ms. Emerson for her signature. As Tony Scordo, Esq. was explaining some of documents to Ms. Emerson, Alex Armani and Rob Moussavian displayed their impatience. Ms. Emerson did not know she was transferring the deed to her property to Rob Moussavian, nor did Rob Moussavian, Alex Armani, or Tony Scordo disclose this fact to

her.

96. The new loan encumbering Ms. Emerson's property as of the February 8, 2007 closing was \$516,000, with an adjustable interest rate starting at 8%. After paying Ms. Emerson's prior mortgage of \$424,000 and outstanding taxes totaling \$5,000, Ms. Emerson should have received approximately \$87,000 from the deal, less reasonable seller's closing costs.

97. According to the Settlement Statement, a "Seller's Concession" of \$12,900 - the maximum 2.5% allowed by the lender - was deducted from the seller's proceeds; the mortgage broker received a \$10,320 loan discount fee; and attorneys Felix Nihamin, Esq. and Tony Scordo, Esq. received \$1,000 and \$750, respectively. Moreover, Vest Financial was to be paid an "Option fee" of \$195,799.20 out of the Seller's proceeds such that Cash to Seller, line 603, was \$0.00.

98. The Settlement Statement does not accurately reflect the monies transferred by the office of Felix Nihamin, Esq., the settlement agent and attorney representing Rob Moussavian in the transaction. Upon information and belief, Ms. Emerson received \$1,572 wired directly into her bank account on February 23, 2007. Vest Financial was given a check dated February 8th in the amount of \$53,555.30 drawn on the NJ trust account for Felix Nihamin's law office, Graubard & Nihamin, P.C., and Alex Armani endorsed and deposited this check the next day. Recording fees in the amount of \$625 appear on the statement, yet only \$230 was paid

from the trust account to the county clerk for recording instruments. Glen Thomson received a check from the trust account dated February 26th for \$200 as a "closing fee."

99. At the closing, Ms. Emerson did receive a check for \$12,000 - not the \$30,000 promised to her by Alex Armani and not paid from the proceeds of the sale of her house. Ms. Emerson was never told by any of the Defendants present at the closing that she was paying an option fee or the seller concession.

100. Tony Scordo, Esq. falsely prepared and witnessed execution of the Deed, attesting that Ms. Emerson stated to his satisfaction that she received \$645,000 as the full and actual consideration for transferring title. In fact, Ms. Emerson never received anywhere close to \$645,000 as consideration for the title to her home.

101. Ms. Emerson's monthly rent payment to Rob Moussavian was \$3,500, and Rob Moussavian's initial monthly principal and interest payment was \$3,440. Although her monthly payment remained essentially the same as before she entered the sale/lease-back transaction, Ms. Emerson did not receive the equity value in her home, could not pay off her outstanding debts, and was fully paying the note held by Rob Moussavian on a higher mortgage that now encumbered her property.

102. Ms. Emerson began having difficulty keeping current with the monthly payments to Rob Moussavian, and Alex Armani suggested that she enter a second transaction with another

"investor" to reduce her monthly payments.

103. Pete Eckhardt came to Ms. Emerson's home in November of 2007 and told her she would get the "same deal" she had with Alex Armani and Rob Moussavian, but that her monthly payments would be \$3,000. Rob Moussavian told Ms. Emerson that Pete Eckhardt would be "managing" the property and that she should make all future payments to him. Ms. Emerson believed that continuing to transact with Pete Eckhardt upon the recommendation of Alex Armani and Rob Moussavian was the only way she could remain in her home, so she began making \$3,000 payments directly to Pete Eckhardt beginning in November of 2007.

104. Unbeknownst to Ms. Emerson, Rob Moussavian had sold Ms. Emerson's property to Rhys Herrmann for a nominal sale price of \$660,000, on or about September 20, 2007, well within the one year Ms. Emerson was supposedly renting her property from Rob Moussavian. Rhys Herrmann obtained a loan in the amount of \$594,000 for this "purchase," thereby further encumbering the property by an additional \$78,000.

105. Ms. Emerson continued to pay Pete Eckhardt \$3,000 each month until May 2008, when she discovered that Rhys Herrmann was indeed the owner of her property, that the mortgage in his name was in significant default, and that her home was in active foreclosure.

COUNT ONE

VIOLATIONS OF N.J.S.A. 2C:41-1 ET SEQ.
NEW JERSEY CIVIL RICO

106. Plaintiffs repeat and reallege Paragraphs 1 through 105 as if set forth at length herein.

107. Pursuant to N.J.S.A. 2C:41-2(c):

It shall be unlawful for any person employed by or associated with any enterprise engaged in or activities of which affect trade or commerce to conduct or participate, directly or indirectly, in the conduct of the enterprise's affairs through a pattern of racketeering activity.

108. Defendants Vest Financial, Alex Armani, Rob Moussavian, Felix Nihamin, Esq., Tony Scordo, Esq., Francis Ciambrone, Esq., Metropolitan Mortgage Services, Phil Altieri, Tom Andriopoulos, Kris Pilone, Viviana Ruiz, Rhys Herrmann, Pete Eckhardt, and JP Global together constitute an enterprise within the meaning of N.J.S.A. 2C:41-1(c) (hereafter the "Vest Enterprise Defendants").

109. The Vest Enterprise Defendants engage in trade or commerce, or in activities which affect trade or commerce.

110. The Vest Enterprise Defendants are persons within the meaning of N.J.S.A. 2C:41-1(b).

111. The Vest Enterprise Defendants were either employed by or associated with Vest Financial, and conducted or participated, directly or indirectly, in the conduct of the affairs of the enterprise through a pattern of racketeering activity in violation of N.J.S.A. 2C:41-2(c).

112. A pattern of racketeering activity includes two or more

incidents of racketeering conduct that have "either the same or similar purposes, results, participants or victims or methods of commission or are otherwise interrelated by distinguishing characteristics and are not isolated incidents." N.J.S.A. 2C:41-1(d).

113. The Vest Enterprise Defendants participated in crimes under Chapters 20 and 21 of Title 2C of the New Jersey Statutes, and 18 U.S.C.S §1344, which had the same or similar purposes, results, participants, victims or methods of commission and were otherwise interrelated by distinguishing characteristics and were not isolated incidents.

114. The crimes perpetrated by the Vest Enterprise Defendants in furtherance of the pattern of racketeering activity include:

- a. **Theft by deception, N.J.S.A. 2C:20-4.** By purposely creating and reinforcing false impressions as to law, intention or other state of mind, for the purpose of influencing consumers to enter sale/lease-back transactions, the Defendants deceptively and purposely took money from consumers' when they absconded with sale proceeds (Defendants DBK Realty, Kris Pilone, Phil Altieri, Vest Financial, Alex Armani, Rob Moussavian, Viviana Ruiz, JP Global, Pete Eckhardt, Glen Thompson), charged consumers excessive and

unwarranted attorney's fees and loan costs (Defendants Tony Scordo, Felix Nihamin, and Francis Ciambrone, Alex Armani, Metropolitan Mortgage), and accepted monthly rent payments from consumers after agreeing to hold rent in advance (Defendants Viviana Ruiz, Rob Moussavian, Alex Armani, Vest Financial, Pete Eckhardt);

b. **Theft by failure to make required disposition of property received, N.J.S.A. 2C:20-9.** By failing to disperse to distressed homeowners proceeds from the sale of their properties as they were legally obligated to do, and instead siphoning off these funds to themselves and others, Defendants Felix Nihamin, Tony Scordo, Francis Ciambrone, Vest Financial, JP Global, Pete Eckhardt, Alex Armani, Rob Moussavian, and Settlement Source violated N.J.S.A. 2C:20-9;

c. **Forgery, N.J.S.A. 2C:21-1.** By executing, authenticating and transferring unauthorized contracts of sale, loan applications, occupancy agreements, real property affidavits and deeds or other writings which purport to be the acts of consumers, and with the knowledge that fraud or injury is being perpetrated by another, Defendants Metropolitan Mortgage, Alex Armani, Rob

Moussavian, Vest Financial, Tony Scordo, Felix Nihamin, Tom Andriopoulos, Phil Altieri and Francis Ciambone violated N.J.S.A. 2C:21-1;

d. **Issuing false financial statements, N.J.S.A.**

2C:21-4(b). By knowingly issuing written employment and income verifications, mortgage loan applications, deeds, and real estate settlement statements, Defendants Metropolitan Mortgage, Vest Financial, Alex Armani, Rob Moussavian, Tom Andriopoulos, Felix Nihamin, Francis Ciambone, and Tony Scordo violated N.J.S.A. 2C:21-4(b);

e. **Deceptive business practices, N.J.S.A. 2C:21-7(e).**

By advertising that their businesses would help consumers facing foreclosure to obtain financing and remain in their homes as owners, Defendants Vest Financial, Alex Armani, Rob Moussavian and Phil Altieri made false and misleading statements in advertisements addressed to a substantial segment of the public for the purpose of promoting the purchase or sale of property, in violation of N.J.S.A. 2C:21-7(e);

f. **Bank fraud, 18 U.S.C.S §1344.** By submitting to

mortgage lenders and/or brokers documents containing fraudulent information, material misrepresentations and/or forged signatures,

Defendants Alex Armani, Rob Moussavian, Vest Financial, Viviana Ruiz, Tom Andriopoulos, and Rhys Herrmann executed a scheme to defraud financial institutions and to obtain money from financial institutions by means of fraudulent representations, in violation of 18 U.S.C. § 1344.

g. **Impersonation,** N.J.S.A. 2C:21-17(a)(1). By assuming false identities and acting in such characters for the purpose of obtaining a benefit for others and to defraud another, Defendants Alex Armani (failing to disclose to consumers that he was a licensed mortgage broker), Kris Pilone (failing to disclose to consumers that he represented DBK Realty, and had an interest in the transaction), and Tony Scordo (failing to disclose to consumers that he was not representing their interest in the sale/lease-back transaction, as other Defendants had told them) violated N.J.S.A. 2C:21-17(a)(1);

h. **Money laundering, illegal investment,** N.J.S.A. 2C:21-25. By depositing illegally obtained proceeds into bank accounts for the purpose of substantiating loan applications to purchase additional properties by operation of their

foreclosure rescue scheme, Defendants Alex Armani, Rob Moussavian, Vest Financial, Viviana Ruiz, Tony Scordo, Esq., Felix Nihamin, Esq., and Francis Ciambrone, Esq., engaged in transactions involving property known to be derived from criminal activities with the intent to facilitate or promote the criminal activity, in violation of N.J.S.A. 2C:21-25.

115. The Vest Enterprise Defendants have conspired with and amongst themselves and others to violate the provisions of N.J.S.A. 2C:41-2.

COUNT TWO

**VIOLATIONS OF CFA
(UNCONSCIONABLE COMMERCIAL PRACTICES)**

As to Defendants Vest Financial, JP Global, Metropolitan Mortgage, Alex Armani, Rob Moussavian, Settlement Source, DBK Realty, Kris Pilone, Viviana Ruiz and Rhys Herrmann

("Vest CFA Defendants")

116. Plaintiffs repeat and reallege Paragraphs 1 through 115 as if set forth at length herein.

117. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing [] concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate. . .

118. The CFA defines "merchandise" as including "any objects, wares, goods, commodities, services or anything offered, directly or indirectly to the public for sale." N.J.S.A. 56:8-1(c).

119. The Vest CFA Defendants have engaged in the use of unconscionable commercial practices, false promises, misrepresentations and/or the knowing concealment, suppression or omission of material facts in connection with the sale of merchandise or real estate.

120. The Vest CFA Defendants have engaged in unconscionable commercial practices against distressed consumers including, but not limited to, the following activities:

- a. Soliciting consumers for whom a foreclosure sale is imminent with the false promise that the Defendants can save their home for them, when in fact Defendants never intended to do so;
- b. Inducing distressed consumers to enter into complex real estate transactions without explaining or adequately disclosing the terms of the transactions;
- c. Inducing consumers to enter into a transaction to save their home yet failing to disclose to them that they will have to procure a much larger mortgage than the one they held prior to the

sale/lease-back transaction in order to re-purchase their home after the lease ends;

- d. Representing to consumers that there would be little or no costs to them to participate in a sale/lease-back transaction, when in truth and fact, unconscionable commissions, closing costs and exorbitant fees were charged to consumers;
- e. Structuring a transaction that takes title of the property away from distressed consumers, denies consumers the equity value in the property, and structuring lease agreements that vest all of the burdens of homeownership (mortgage payments, taxes, utilities and repairs) on the consumer, effectively disabling consumers from re-purchasing their properties;
- f. Falsifying information on loan applications to secure loans to purchase distressed consumers' homes;
- g. Utilizing high pressure tactics to rush closings on properties;
- h. Failing to properly conduct settlement proceedings, including, but not limited to, indicating that an attorney at the closing was representing the consumer, failing to answer questions raised by the consumer, and giving

false and/or misleading information to consumers about the transaction;

- i. Refusing to provide consumers with copies of sales contracts and other loan documents relevant to their transactions;
- j. Forging consumers' names on documents.

121. By engaging in the foregoing unconscionable commercial practices, the Vest CFA Defendants have repeatedly violated the CFA, N.J.S.A. 56:8-2.

122. Each unconscionable commercial practice by the Vest CFA Defendants constitutes a separate violation of the CFA, N.J.S.A. 56:8-2.

COUNT THREE

VIOLATIONS OF THE CFA (FALSE PROMISES, MISREPRESENTATIONS AND KNOWING OMISSIONS OF FACT)

(As to the Vest CFA Defendants)

123. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 122 above as if set forth at length herein.

124. With intent to deceive and/or induce reliance, the Vest CFA Defendants have made false promises, misrepresentations and/or knowing omissions of material facts in connection with the marketing, sale and financing of merchandise and real estate pursuant to sale/lease-back transactions, including, but not limited to:

- a. Representing and promising to consumers that an attorney would represent them in the transaction, when, in truth and fact, consumers needed their own attorneys and/or appraisers to protect their interests;
- b. Representing to consumers that there would be little or no costs to them to participate in a sale/lease-back transaction, when in truth and fact, closing costs and exorbitant fees and commissions were charged to consumers;
- c. Promising distressed homeowners that by entering the sale/lease-back transaction, they could easily re-purchase the property after the lease ends, when in truth and fact, the Vest CFA Defendants knew or should have known that consumers with financial delinquencies would not likely be able to qualify for mortgages larger than those they were not able to maintain originally;
- d. Falsifying loan applications with respect to name, address, income, assets, employment, and intended occupancy of the subject properties in order to obtain financing from lenders;
- e. Failing to notify consumers of the existence of a "seller's concession" in the sale of their

property;

- f. Failing to notify consumers of changes in lease terms and costs until it was too late for the consumers to seek alternative financing or otherwise prevent foreclosure of their properties;
- g. Promising to repair consumers' credit and accepting fees for credit repair services, and then failing to perform said services;
- h. Representing and promising consumers that they can re-purchase their homes at any point during the lease term of the transaction, and that any monies held by Defendants in escrow would be refunded to the consumer as a deposit for the purchase, when in truth and fact, the Defendants failed to so provide any monies;
- i. Representing and promising to consumers that taxes and insurance for their property would be paid by Defendants and/or their agents, when in fact, Defendants failed to make such payments;
- j. Representing and promising that consumers would be provided with copies of all documents relating to their transactions, when in fact, they were not.

125. Each separate false promise, misrepresentation and/or knowing omission of material fact made by each Defendant in this

matter constitutes a separate and distinct violation under the CFA, N.J.S.A. 56:8-2.

COUNT FOUR

**VIOLATIONS OF THE CFA
(FALSE AND/OR DECEPTIVE ADVERTISING)**

As to Vest Financial, Alex Armani, Rob Moussavian, JP Global, Pete Eckhardt, Phil Altieri ("Vest CFA-Advertising Defendants")

126. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 125 above as if set forth at length herein.

127. The Vest CFA-Advertising Defendants, by themselves and through their founders, owners, agents, servants, employees, attorneys and/or affiliates, have advertised and otherwise solicited consumers to participate in sale/lease-back and other real estate transactions in this State.

128. Through the use of unconscionable commercial practices, deception, fraud, false promises, misrepresentations and/or the knowing concealment, suppression or omission of material facts, these defendants led distressed homeowners and other consumers to believe that services provided by the defendants would relieve, and/or facilitate the relief of, consumers' financial distress.

129. Such unlawful acts include, but are not limited to, engaging in false and/or deceptive advertising through postal solicitation which misled consumers into believing that:

- a. Defendants' services assist distressed homeowners

- in saving their homes from foreclosure;
- b. Defendants provide consumers with legal representation and financial counseling at little or no cost to the consumer;
 - c. Sale/lease-back transactions benefit distressed homeowners and are the only way to save their homes from foreclosure.

130. The aforesaid representations were false. Accordingly, the Vest CFA-Advertising Defendants' false and/or deceptive advertising constitutes multiple violations of the CFA, N.J.S.A. 56:8-2.

PRAYER FOR RELIEF - COUNT I

WHEREFORE, as to Count One, Plaintiff Anne Milgram, Attorney General of New Jersey, respectfully demands the entry of a judgment pursuant to N.J.S.A. 2C:41-4 against the Vest Enterprise Defendants:

- (A) Finding that the acts of the Vest Enterprise Defendants constitute a pattern of racketeering activity in violation of N.J.S.A. 2C:41-2;
- (B) Ordering the restitution of monies and/or property unlawfully obtained or retained by any person found to be in violation of

N.J.S.A. 2C:41-2;

- (C) Permanently enjoining the Vest Enterprise Defendants from engaging in any direct or indirect activity, in any capacity whatsoever, relating to the offer of foreclosure rescue services, sale/lease-back transactions, or credit repair assistance services within the State of New Jersey and from engaging in the same type of endeavor as the enterprise found to be in violation of N.J.S.A. 2C:41-2;
- (D) Permanently enjoining the Vest Enterprise Defendants from registering as mortgage solicitors and/or licensed lenders with the New Jersey Department of Banking and Insurance;
- (E) Permanently enjoining the Vest Enterprise Defendants from having any direct or indirect ownership or control of any consumer financial service entity licensed with the New Jersey Division of Banking and Insurance;
- (F) Assessing civil monetary penalties against the Vest Enterprise Defendants in amounts of three times the amount of gains acquired or maintained through the violation of N.J.S.A.

2C:41-2, to deter future violations;

- (G) Any additional legal or equitable relief that the Court finds to be necessary and proper to effectuate remedial purposes and to prevent any future violations.

PRAYER FOR RELIEF - CFA COUNTS II, III AND IV

WHEREFORE, as to Counts II, III, and IV, based upon the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against the CFA Defendants and CFA-Advertising Defendants as follows:

- (A) Finding that the acts and practices engaged in by the CFA Defendants constitute multiple violations of the CFA, N.J.S.A. 56:8-1 et seq.;
- (B) Permanently enjoining the CFA Defendants and their owners, officers, directors, shareholders, managers, agents, servants, employees, representatives, independent contractors and all other persons or entities directly under their control, from engaging in, continuing to engage in, or doing any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., including, but not limited to, the acts and practices alleged in

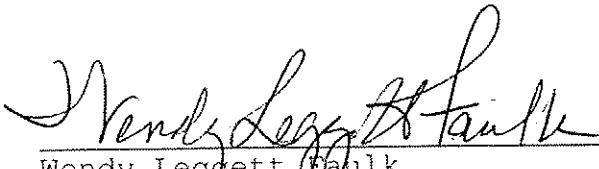
this Complaint;

- (C) Impounding all records, books, and documents of all CFA Defendants, in accordance with N.J.S.A. 56:8-3(d);
- (D) Freezing all assets of the CFA Defendants and preventing same from engaging in any act of disposition of those assets, in accordance with N.J.S.A. 56:8-8;
- (E) Directing the assessment of restitution amounts against the CFA Defendants, jointly and severally, to restore to any affected person, whether or not named in this Complaint, any money or real or personal property acquired by means of any alleged practice herein to be unlawful and found to be unlawful, as authorized by the CFA, N.J.S.A. 56:8-8;
- (F) Assessing the maximum statutory civil penalties against the CFA Defendants, jointly and severally, for each and every violation of the CFA, in accordance with N.J.S.A. 56:8-13;
- (G) Assessing additional penalties against the CFA Defendants, jointly and severally, for each and every violation of the CFA where the

victim of the violation is a senior citizen or a person with a disability, in accordance with N.J.S.A. 56:8-14.3(a)(1);

- (H) Directing the assessment of costs and fees, including attorneys' fees, against the CFA Defendants, jointly and severally, for the use of the State of New Jersey, as authorized by the CFA, N.J.S.A. 56: 8-11 and N.J.S.A. 56:8-19; and
- (I) Granting such other relief that the Court finds to be necessary and proper to effectuate remedial purposes and to prevent any continuing violations.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 
Wendy Leggett Faulk
Deputy Attorney General

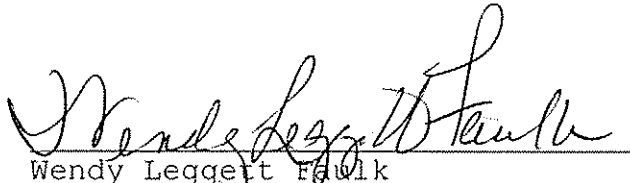
Dated: 10/15/08

DESIGNATION OF TRIAL COUNSEL

Pursuant to R. 4:25-4, Wendy Leggett Faulk, Deputy Attorney General, is hereby designated as trial counsel on behalf of Plaintiffs.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By:


Wendy Leggett Faulk
Deputy Attorney General

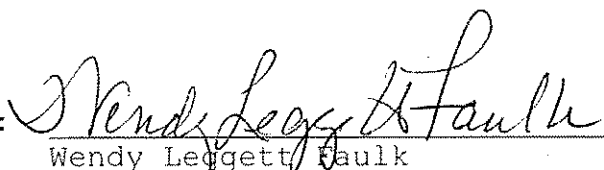
Dated: 10/15/08

RULE 4:5-1 CERTIFICATION

I certify, to the best of my information and belief, that the matter in controversy in this action is not the subject of any other action between the parties. Plaintiffs are concurrently filing a separate complaint containing similar allegations against JP Global, Pete Eckhardt, and Rhys Herrmann for their participation in a separate foreclosure rescue enterprise (*Anne Milgram v. JP Global Property Management, et al.*, docket number unavailable). I am also aware of a private lawsuit brought by the former owner of one of the properties at issue against Viviana Ruiz relating to her purchase as a straw-buyer (*Thomas v. Ruiz et al.*, ESX-C-99-08).



I further certify that the matter in controversy in this action is not the subject of a pending arbitration proceeding, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action.

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 
Wendy Leggett Faulk
Deputy Attorney General

Dated: 10/15/08

Appendix XII-B1

 CIVIL CASE INFORMATION STATEMENT (CIS)		FOR USE BY CLERK'S OFFICE ONLY
Use for initial Law Division Civil Part pleadings (not motions) under Rule 4:5-1 Pleading will be rejected for filing, under Rule 1:5-6(c), if information above the black bar is not completed or if attorney's signature is not affixed.		PAYMENT TYPE: CK CG CA CHG/CK NO. AMOUNT: OVERPAYMENT: BATCH NUMBER:
ATTORNEY/PRO SE NAME Wendy Leggett Faulk, D.A.G.	TELEPHONE NUMBER (973) 648-2500	COUNTY OF VENUE Bergen
FIRM NAME (if applicable) Office of the Attorney General, Division of Law	DOCKET NUMBER (When available)	
OFFICE ADDRESS 124 Halsey Street - 5th Floor P.O. Box 45029 Newark, New Jersey 07101	DOCUMENT TYPE Complaint	JURY DEMAND <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
NAME OF PARTY (e.g., John Doe, Plaintiff) Anne Milgram, Attorney General of New Jersey and David Szuchman, Dir., Division of Consumer Affairs	CAPTION Anne Milgram, Attorney General of New Jersey and David Szuchman, Director, Division of Consumer Affairs v. Vest Financial, L.L.C., et al.	
CASE TYPE NUMBER (See reverse side for listing) 508	IS THIS A PROFESSIONAL MALPRACTICE CASE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO IF YOU HAVE CHECKED "YES," SEE N.J.S.A. 2A:53A-27 AND APPLICABLE CASE LAW REGARDING YOUR OBLIGATION TO FILE AN AFFIDAVIT OF MERIT.	
RELATED CASES PENDING? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	IF YES, LIST DOCKET NUMBERS Complaint being filed concurrently: Anne Milgram v. JP Global Property Mgmt, et al.	
DO YOU ANTICIPATE ADDING ANY PARTIES (arising out of same transaction or occurrence)? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	NAME OF DEFENDANT'S PRIMARY INSURANCE COMPANY, IF KNOWN <input type="checkbox"/> NONE <input checked="" type="checkbox"/> UNKNOWN	
THE INFORMATION PROVIDED ON THIS FORM CANNOT BE INTRODUCED INTO EVIDENCE.		
CASE CHARACTERISTICS FOR PURPOSES OF DETERMINING IF CASE IS APPROPRIATE FOR MEDIATION		
DO PARTIES HAVE A CURRENT, PAST OR RECURRENT RELATIONSHIP? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	IF YES, IS THAT RELATIONSHIP <input type="checkbox"/> EMPLOYER-EMPLOYEE <input type="checkbox"/> FRIEND/NEIGHBOR <input type="checkbox"/> OTHER (explain) <input type="checkbox"/> FAMILIAL <input type="checkbox"/> BUSINESS	
DOES THE STATUTE GOVERNING THIS CASE PROVIDE FOR PAYMENT OF FEES BY THE LOSING PARTY? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		
USE THIS SPACE TO ALERT THE COURT TO ANY SPECIAL CASE CHARACTERISTICS THAT MAY WARRANT INDIVIDUAL MANAGEMENT OR ACCELERATED DISPOSITION: This is a complex consumer fraud and civil RICO action alleging a mortgage foreclosure rescue scheme involving multiple defendants and multiple properties. The complexity of the transactions and number of parties involved warrants individual case management.		
 DO YOU OR YOUR CLIENT NEED ANY DISABILITY ACCOMMODATIONS? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	IF YES, PLEASE IDENTIFY THE REQUESTED ACCOMMODATION:	
WILL AN INTERPRETER BE NEEDED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	IF YES, FOR WHAT LANGUAGE:	
ATTORNEY SIGNATURE <i>Wendy Leggett Faulk, DAG</i>		



CIVIL CASE INFORMATION STATEMENT (CIS)

Use for initial pleadings (not motions) under *Rule 4:5-1*

CASE TYPES (Choose one and enter number of case type in appropriate space on the reverse side.)

Track I — 150 days' discovery

- 151 NAME CHANGE
- 175 FORFEITURE
- 302 TENANCY
- 399 REAL PROPERTY (other than Tenancy, Contract, Condemnation, Complex Commercial or Construction)
- 502 BOOK ACCOUNT (debt collection matters only)
- 505 OTHER INSURANCE CLAIM (INCLUDING DECLARATORY JUDGMENT ACTIONS)
- 506 PIP COVERAGE
- 510 UM or UIM CLAIM
- 511 ACTION ON NEGOTIABLE INSTRUMENT
- 512 LEMON LAW
- 801 SUMMARY ACTION
- 802 OPEN PUBLIC RECORDS ACT (SUMMARY ACTION)
- 999 OTHER (Briefly describe nature of action)

Track II — 300 days' discovery

- 305 CONSTRUCTION
- 509 EMPLOYMENT (other than CEPA or LAD)
- 599 CONTRACT/COMMERCIAL TRANSACTION
- 603 AUTO NEGLIGENCE – PERSONAL INJURY
- 605 PERSONAL INJURY
- 610 AUTO NEGLIGENCE – PROPERTY DAMAGE
- 699 TORT – OTHER

Track III — 450 days' discovery

- 005 CIVIL RIGHTS
- 301 CONDEMNATION
- 602 ASSAULT AND BATTERY
- 604 MEDICAL MALPRACTICE
- 606 PRODUCT LIABILITY
- 607 PROFESSIONAL MALPRACTICE
- 608 TOXIC TORT
- 609 DEFAMATION
- 616 WHISTLEBLOWER / CONSCIENTIOUS EMPLOYEE PROTECTION ACT (CEPA) CASES
- 617 INVERSE CONDEMNATION
- 618 LAW AGAINST DISCRIMINATION (LAD) CASES

Track IV — Active Case Management by Individual Judge / 450 days' discovery

- 156 ENVIRONMENTAL/ENVIRONMENTAL COVERAGE LITIGATION
- 303 MT. LAUREL
- 508 COMPLEX COMMERCIAL
- 513 COMPLEX CONSTRUCTION
- 514 INSURANCE FRAUD
- 701 ACTIONS IN LIEU OF PREROGATIVE WRITS

Mass Tort (Track IV)

- | | |
|---------------------------------------|-----------------------|
| 241 TOBACCO | 275 ORTHO EVRA |
| 248 CIBA GEIGY | 276 DEPO-PROVERA |
| 266 HORMONE REPLACEMENT THERAPY (HRT) | 277 MAHWAH TOXIC DUMP |
| 271 ACCUTANE | 278 ZOMETA/AREDIS |
| 272 BEXTRA/CELEBREX | 601 ASBESTOS |
| 274 RISPERDAL/SEROQUEL/ZYPREXA | 619 VIOXX |

If you believe this case requires a track other than that provided above, please indicate the reason on Side 1, in the space under "Case Characteristics."

Please check off each applicable category:

Verbal Threshold

Putative Class Action

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