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SUPERIOR COURT/LAW DIVISION

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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION, CAMDEN COUNTY  
DOCKET NO. CAM-C-\_\_\_\_\_

ANNE MILGRAM, Attorney General of the State  
of New Jersey, DAVID M. SZUCHMAN,  
Director of the New Jersey Division of Consumer  
Affairs, and STEVEN M. GOLDMAN,  
Commissioner of the New Jersey Department of  
Banking and Insurance,

Plaintiffs,

v.

NEW HOPE PROPERTY, LLC d/b/a NEW  
HOPE, NEW HOPE MODIFICATIONS, NEW  
HOPE MODIFICATIONS, LLC and NEW HOPE  
PROPERTIES, LLC; DONNA FISHER; BRIAN  
MAMMOCCIO; JANE and JOHN DOES 1-10,  
individually and as owners, officers, directors,  
shareholders, founders, managers, agents,  
servants, employees, representatives and/or  
independent contractors of NEW HOPE  
PROPERTY, LLC d/b/a NEW HOPE, NEW  
HOPE MODIFICATIONS, NEW HOPE  
MODIFICATIONS, LLC and/or NEW HOPE  
PROPERTIES, LLC; and XYZ CORPORATIONS  
1-10,

Defendants.

Civil Action

**VERIFIED COMPLAINT**

Plaintiffs Anne Milgram, Attorney General of the State of New Jersey (“Attorney General”), David M. Szuchman, Director of the New Jersey Division of Consumer Affairs (“Director”), both with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey, and Steven M. Goldman, Commissioner of the New Jersey Division of Banking and Insurance (“Commissioner”), with offices located at 20 West State Street, Trenton, New Jersey 08625, (collectively “Plaintiffs”) by way of Verified Complaint state:

### **PRELIMINARY STATEMENT**

1. Many homeowners facing the imminent prospect of foreclosure of their homes seek assistance from companies that represent that they can prevent foreclosures through mortgage loan modification programs.

2. The defendants in this action, New Hope Property, LLC d/b/a New Hope, New Hope Modifications, New Hope Modifications, LLC and/or New Hope Properties, LLC (collectively, “New Hope”), Donna Fisher and Brian Mammoccio are causing irreparable harm to consumers by by falsely promising to provide free consultations to distressed homeowners; falsely promising to modify mortgages and prevent foreclosures; and by operating an unlicensed debt adjustment business in the State of New Jersey.

3. Despite promising free consultations, Defendants demand an up-front fee and then often make no attempt to engage in mortgage modification services. Moreover even when Defendants do make an effort to modify the consumers’ mortgages, they are unable to do so and are thus selling a service that they know they cannot provide.

4. Further, after homeowners (also referred to herein as “homeowners” or “debtors”) pay Defendants’ up-front loan modification fee, Defendants tell them that they should refrain from making mortgage payments or contacting their lenders and that Defendants will negotiate mortgage modifications on their behalf. In fact, Defendants often fail to modify their mortgages, and consumers fall further behind with their mortgage payments. In some instances, consumers are in danger of losing their homes in foreclosure or otherwise incurring late fees and penalties.

5. Under New Jersey’s Debt Adjustment and Credit Counseling Act (“DACCA”), N.J.S.A. 17:16G-1 et seq., only the lender or owner of the loan, the mortgage servicing company acting as an agent for the loan’s owner, an entity licensed by the Department of Banking and Insurance as a Debt Adjuster under DACCA, or other entities that are exempt from Debt Adjuster licensure, as set forth at N.J.S.A. 17:16G-1c(2), may modify home mortgage loans. Under DACCA, only nonprofit social service agencies or consumer credit counseling agencies may modify mortgages as debt adjusters. Defendants are thus acting as unlicensed debt adjusters in violation of DACCA.

6. The Attorney General, the Director, and the Commissioner (collectively, “Plaintiffs”) bring this application seeking temporary, preliminary and ultimately permanent injunctive relief, as well as other equitable relief, including the appointment of a receiver, to end the unlawful business practices committed by Defendants, which constitute multiple violations of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”) and the Debt Adjustment and Credit Counseling Act, N.J.S.A. 17:16G-1 et seq. (DACCA). Plaintiffs submit this Verified Complaint in connection with an Order to Show Cause with Temporary Restraints to prevent Defendants from harming additional consumers or otherwise engaging in the unlicensed adjustment of mortgage loans in New Jersey.

## JURISDICTION AND PARTIES

7. The Attorney General is charged with the responsibility of enforcing the CFA, N.J.S.A. 56:8-1 et seq., and the regulations promulgated thereunder (“CFA Regulations”), N.J.A.C. 13:45A-1.1 et seq.

8. The Director is charged with the responsibility of administering the CFA and the CFA Regulations on behalf of the Attorney General. Plaintiffs bring the CFA claims pursuant to their authority under N.J.S.A. 56:8-8, 56:8-11, 56:8-13 and 56:8-19.

9. The Commissioner is charged with the responsibility of enforcing the Debt Adjustment and Credit Counseling Act, N.J.S.A. 17:16G-1 et seq. This action seeking injunctive and other relief is brought by the Commissioner in his official capacity pursuant to authority under N.J.S.A. 17:1-15g.

10. The Commissioner is also authorized pursuant to N.J.S.A. 17:16G-8 to proceed with a summary action in the name of and on behalf the State against the person or licensee and any other person concerned or in any way participating in or about to participate in those practices or transactions constituting a violation of the Debt Adjustment and Credit Counseling Act, to enjoin the person or licensee from continuing those practices or engaging in or doing any act in furtherance of those practices constituting a violation of the Debt Adjustment and Credit Counseling Act.

11. Defendant New Hope is a Domestic Profit Corporation established in New Jersey on August 28, 2007. At all relevant times New Hope has maintained a business and mailing address at 440 Benigno Boulevard, Bellmawr, New Jersey.

12. From August 28, 2007 until May13, 2008 Defendant Donna Fisher was New Hope's registered agent in the State. Upon information and belief, Defendant Fisher resides at 3 Horseshoe Lane, Mullica Hill, New Jersey.

13. Currently, New Hope's registered agent in the State is Defendant Brian Mammoccio, who, upon information and belief, resides at 3 Horseshoe Lane, Mullica Hill, New Jersey.

14. Venue is proper in Camden County, pursuant to R. 4:3-2, because it is the county in which Defendants have maintained their principal business address and otherwise conducted business.

15. Upon information and belief, John and Jane Does 1 through 10 are fictitious individuals meant to represent the owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives and/or independent contractors of New Hope who have been involved in the conduct that gives rise to this Verified Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Verified Complaint to include them.

16. Upon information and belief, XYZ Corporations 1 through 10 are fictitious corporations meant to represent any additional corporations that have been involved in the conduct that gives rise to this Verified Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Verified Complaint to include them.

17. New Hope, Donna Fisher and Brian Mammoccio are collectively referred to as "Defendants."

## GENERAL ALLEGATIONS COMMON TO ALL COUNTS

18. Non-profit housing counselors and other non-profit financial counselors or licensed attorneys can help distressed homeowners understand their financial situations and all options available to them.

19. Since at least August 2007 Defendants have engaged in unlicensed debt adjustment in the State of New Jersey, including entering into agreements with New Jersey homeowners to modify their home mortgage loans.

20. Upon information and belief, since at least August 2007, Defendants have engaged in the advertisement and sale of merchandise to consumers in this State and elsewhere, including, but not limited to, pre-foreclosure loan modification assistance.

21. Defendants are not affiliated with any government programs. Nor is New Hope licensed to operate in New Jersey as a loan modification business.

22. New Hope is a company that charges homeowners fees, ostensibly to renegotiate mortgage loan terms on their behalfs.

23. New Hope advertises and solicits mortgage modification business through its website, [www.newhopemodifications.com](http://www.newhopemodifications.com) and also through agreements with other businesses that generate leads through websites, such as [www.fedmod.com](http://www.fedmod.com).

24. New Hope's phone number is in very large type at the top of each page of the New Hope website: "877-373-HOPE." New Hope's website encourages consumers to call for a "FREE consultation." A copy of that website as it appeared on March 6, 2009, is attached as Exhibit A to this Verified Complaint.

25. When Defendants and their employees contact consumers via e-mail to offer New Hope's services, they represent that New Hope is affiliated with the Hope Now Alliance by including the phrase "Hope Loan Modification Program" in the signature line of their e-mails.

26. In addition, when consumers request participation in the federal government Hope Now or Hope for Homeowners programs or otherwise inquire about Hope Now and Hope for Homeowners, Defendants and their representatives fail to explain that New Hope has no affiliation with those programs.

27. Upon information and belief, Defendants represent to consumers that Defendants are affiliated with a "government program," in telephone conversations.

28. By offering mortgage modification services to New Jersey homeowners, Defendants have engaged in conduct prohibited by the New Jersey Debt Adjustment and Credit Counseling Act.

29. The experiences of the following three homeowners provide typical examples of Defendants' conduct, by way of illustration:

**Juanita Campbell**

30. Juanita Campbell owns the home in which she resides at 842 Erudo Street in Linden, New Jersey. The mortgage on her home is currently in foreclosure.

31. In March 2008, Ms. Campbell fell approximately eight months behind in making her mortgage payments and was attempting to work out a loan modification with her lender, Countrywide Home Loans.

32. In May 2008, Ms. Campbell sought advice from a bankruptcy attorney, considered doing a short sale, but ultimately decided against bankruptcy or a short sale as Countrywide informed her that there were new programs that might be able to assist her.

33. In August 2008, Betty Berry, an employee of New Hope Modification, e-mailed Ms. Campbell and offered to assist with her mortgage. Thereafter, Ms. Campbell called the phone number attached to the e-mail, (877) 373-HOPE, and spoke with Ms. Berry. Ms. Campbell explained what her lender had offered her and Ms. Berry put her in contact with Aaron Schulman, purportedly a New Hope "loan modification specialist."

34. Ms. Campbell explained her financial situation to Aaron Schulman, told him what Countrywide had offered as a modification and explained that she could not afford it. Mr. Schulman told Ms. Campbell that he was an ex-employee of Countrywide and assured her that he knew who to speak with to get her a better modification offer. Mr. Schulman discouraged Ms. Campbell from speaking with her boss, an attorney, about her situation because, he said, he had more experience dealing with lenders.

35. Mr. Schulman explained that there would be an up-front fee of one mortgage payment, which in her case was \$2,500. However, Mr. Schulman said, if New Hope was unsuccessful in securing a modification, the fee would not apply.

36. In September 2009, Ms. Campbell entered into an agreement with New Hope and made two separate payments totaling \$1,000, which New Hope required prior to processing her paperwork.

37. Approximately one week later, Mr. Schulman called Ms. Campbell and said that he had negotiated a great offer with the lender that would save her house from foreclosure and required no up-front fees. He would not give Ms. Campbell any more details about the modification until she paid New Hope an additional \$500.



38. Ms. Campbell made the additional \$500 payment, but once she did, New Hope revealed that it had been unable to get any loan modification. She explained to New Hope that Mr. Schulman had assured her he had already secured a loan modification that would save her home, but New Hope again stated it had been unsuccessful. Ms. Campbell asked to speak with Mr. Schulman and Ms. Berry but was told that they no longer worked for New Hope.

39. Ms. Campbell requested a refund and New Hope agreed to provide one.

40. On September 30, 2008, Ms. Campbell received a phone call from New Hope, stating that the company would provide only a partial refund of \$800 due to work performed. Ms. Campbell protested, demanded the full refund, but New Hope again stated that it would only give her an \$800 refund.

41. Ms. Campbell's home is currently in foreclosure, although she continues to try to work with her lender. New Hope has refunded only \$1,000 of the \$1,500 she paid New Hope.

#### **Bobbi Mattingly**

42. Bobbi Mattingly resides at 116 Baum Bay Drive, Kill Devil Hills, North Carolina, 27948.

43. In June 2008, Ms. Mattingly contacted her mortgage servicer, Aurora Loan Service ("Aurora"), in an attempt to have her adjustable rate home mortgage modified into a fixed rate mortgage. At that time, Ms. Mattingly was current on her mortgage but because the rate was going up, she was concerned about her ability to continue making payments.

44. In September 2008, Aurora informed Ms. Mattingly that she qualified for a modification and told her to stop making mortgage payments while they modified the mortgage.

45. From September 2008 through November 2008 Ms. Mattingly heard nothing from her lender.

46. On or about December 4, 2008, Ms. Mattingly sought a third party to help speed up the modification. She had heard of the federal Hope For Homeowners program and had seen on television a commercial for [www.fedmod.com](http://www.fedmod.com). Assuming that [www.fedmod.com](http://www.fedmod.com) was the website for the Hope for Homeowners program, she went to that website and entered her personal information.

47. On December 4, 2008, Ms. Mattingly received an e-mail from John Neale, a New Hope Modification, LLC “loan specialist,” who stated he had received her request for assistance regarding her mortgage situation. The signature on his e-mail said “Hope Loan Modification Program” and Ms. Mattingly assumed he was a part of the Hope For Homeowners Program.

48. On December 16, 2008, Ms. Mattingly called Mr. Neale. She stated that she was looking into the Hope For Homeowners program. Mr. Neale explained that he had over 400 modification programs and represented that she would definitely be eligible for one of them. Mr. Neale indicated that the fee would be the equivalent of one of Ms. Mattingly’s mortgage payments of \$1,576. Mr. Neale said if she paid half of the fee up-front he would process her paperwork and tell her what program she was eligible for.

49. On December 17, 2008, Ms. Mattingly received a “working agreement” package via e-mail from Mr. Neale. She filled out all the paperwork, which included all of her bank account information, social security number, and income information, and faxed it back to Mr. Neale.

50. On December 19, 2008, New Hope Modifications made a \$788 withdrawal from Ms. Mattingly’s checking account representing the first half of her fee.

51. On December 27, 2008, Ms. Mattingly informed her lender that she had hired a third party to assist with modification. The lender informed Ms. Mattingly that it had not been contacted by Mr. Neale or New Hope Modifications and advised her that she should not have paid New Hope anything because there was nothing a third party could do that she could not do on her own.

52. On December 29, 2008, Ms. Mattingly left a message with Mr. Neale, stating that she would like to cancel the agreement and request a full refund.

53. On December 30, 2008 she called Mr. Neale again and he stated that they had not done anything and that there would be no problem providing a refund. He stated that Ms. Mattingly should receive the refund in a few weeks. At the end of the conversation she requested that Mr. Neale fax her a confirmation of the pending refund. He agreed, but never sent the confirmation.

54. On January 19, 2009, New Hope deducted another \$394 from Ms. Mattingly's checking account. She contacted Mr. Neale again, stating that the agreement had been cancelled and that she demanded a full refund. Mr. Neale apologized and again stated that she would be receiving a refund in a few weeks.

55. Working directly with her lender, Ms. Mattingly has since received a mortgage modification. She still has not received a refund from New Hope.

**Jessica Brackin**

56. In June 2008, Jessica Brackin lived in her home at 107 Turnbrook Drive in Huntsville, Alabama, and had an adjustable rate home mortgage that she was struggling to pay. She had fallen three months behind on the mortgage and was attempting to work with her lender to modify her mortgage payments. The lender offered to modify the mortgage only if Ms. Brackin paid

\$3,000 up-front and made three months of on-time mortgage payments. Unfortunately, Ms. Brackin could not afford that proposed modification and searched for other options.

57. In August 2008 Ms. Brackin performed an internet search for “loan modifications” and came across a website offering loan modifications, entered her information and requested that someone contact her. Upon information and belief, the website was a “lead-generating service” that sold Ms. Brackin’s information, a “lead,” to New Hope, among other companies.

58. A few days later, Miriam Craig, an employee of New Hope Modifications, called Ms. Brackin. Ms. Craig explained that New Hope might be able to help modify Ms. Brackin’s mortgage, but that Ms. Brackin would have to pay \$1,250 and complete some paperwork before New Hope could determine if she qualified for assistance. After Ms. Brackin explained that she did not have \$1,250 to spend, Ms. Craig stated that New Hope would begin processing the paperwork if Ms. Brackin agreed to make half the payment immediately. Ms. Brackin agreed and provided Ms. Craig with her financial information; social security number, and bank account information over the phone.

59. On August 25, 2008, Ms. Brackin received an agreement package from New Hope in the mail, filled it out, and faxed it back to New Hope.

60. On September 5, 2008, New Hope withdrew \$500 from Ms. Brackin’s checking account, purportedly the first payment that was required prior to processing her paperwork to determine whether she was eligible for assistance.

61. On or about September 5, 2008, Ms. Brackin received a phone call from Ms. Craig who stated she had talked to “Fisher,” a New Hope employee “in the mitigation department,” who stated they would be able to help, and that she should stop making her mortgage payments until the modification was complete.

62. Over the next two weeks, New Hope did not communicate with Ms. Brackin.

63. On September 19, 2008, New Hope withdrew \$750 from Ms. Brackin's checking account representing her second and final payment.

64. In early October 2008, approximately two and a half weeks after New Hope withdrew the second payment, Ms. Brackin received a three-way phone call with a New Hope representative named Kerry and a representative from Ms. Brackin's mortgage lender on the line. Ms. Brackin's lender stated that the lender refused to deal with New Hope and offered to Ms. Brackin the same deal it had offered in August 2008, which she still could not afford.

65. After the phone conversation, Ms. Brackin spoke with Joe Fisher of New Hope and requested a full refund. He refused.

66. Ms. Brackin attempted to make the required payments to her lender to prevent losing the house to foreclosure, but was unable to do so.

67. In late November 2008, Ms. Brackin received a notice from her lender that it had foreclosed and that she had 10 days to move out of her home, which she did on December 1, 2008.

68. The house remains vacant and Ms. Brackin has yet to receive a refund from New Hope.

**COUNT I**  
**VIOLATION OF THE CFA**  
**(UNCONSCIONABLE COMMERCIAL PRACTICES)**

69. Plaintiffs repeat and reallege the allegations contained in Paragraphs 1 through 68 above as if more fully set forth herein.

70. 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....

71. 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).

72. The CFA defines “person” as including “any natural person or his legal representative, partnership, corporation, company, trust, business entity or association, and any agent, employee, salesman, partner, officer, director, member, stockholder, associate, trustee or cestius que trustent thereof.” N.J.S.A. 56:8-1(c).

73. Defendants are “persons” as defined by the CFA and have sold “merchandise” as defined by the CFA.

74. In the operation of their business, Defendants have engaged in the use of unconscionable commercial practices in connection with the sale of merchandise or real estate, including, but not limited to, the following:

- a. Accepting payment from consumers and then failing to provide consumers with the contracted-for loan modification assistance;
- b. Demanding excessive up-front payment from distressed homeowners;
- c. Falsely advertising in bold-type on the New Hope website that “consultations” are “FREE”;

- d. Withdrawing funds from homeowners' bank accounts without authorization, including after agreements have been canceled;
- e. Assuring distressed homeowners that New Hope was negotiating with homeowners' lenders, when in fact New Hope was not;
- f. Inducing homeowners to rely on New Hope to avoid foreclosure when in fact New Hope was doing nothing to prevent foreclosure;
- g. Indicating in e-mails to consumers that Defendants are affiliated with the federal Hope Now program;
- h. Creating, encouraging, and/or failing to correct consumers' stated understandings that Defendants are affiliated with the federal Hope Now or Hope for Homeowners programs;
- i. Using a toll-free phone number, "877-373-HOPE," which is easily confused with the toll-free phone number of Hope Now, 1-888-995-HOPE;
- j. Displaying on the New Hope website a blurry image of an official-looking seal in red, white and blue, with an eagle;
- k. Informing consumers that New Hope offers them access to "government programs";
- l. Offering debt adjustment services to New Jersey debtors;
- m. Entering into debt adjustment agreements with New Jersey debtors;
- n. Failing to refund money when agreements are canceled or the contracted services were not performed; and

- o. Failing to respond to consumer complaints, inquiries and/or requests for refunds in a timely manner or at all.

75. Defendants' conduct constitutes multiple unconscionable commercial practices in violation of the CFA, N.J.S.A. 56:8-2.

**COUNT II**  
**VIOLATIONS OF NEW JERSEY CONSUMER FRAUD ACT**  
**(FALSE PROMISES, MISREPRESENTATION, AND KNOWING OMISSIONS OF**  
**FACT)**

76. Plaintiffs reallege the allegations in paragraphs 1 through 68 above as if more fully set forth herein.

77. In the operation of their business, Defendants have made false promises, misrepresentations and/or knowing omissions of material fact, including, but not limited to:

- a. Falsely representing that New Hope would provide free consultations to distressed homeowners, when in fact New Hope required payment prior to any consultation;
- b. Falsely promising to modify mortgages and prevent foreclosure;
- c. Misrepresenting to consumers that Defendants were affiliated with the federal Hope Now program, Hope for Homeowners program, or other government programs;
- d. Failing to correct consumers when they stated that they understood New Hope to be affiliated with a government program;
- e. Misrepresenting to consumers that New Hope was negotiating with consumers' mortgage lenders or servicers, that New Hope had reached



agreements with those lenders or servicers, or that New Hope had otherwise stalled foreclosure when in fact it had not;

- f. Promising to modify consumers' mortgage and then failing to do so; and
- g. Promising to refund consumers' payments and then failing to do so.

78. Each false promise, misrepresentation and/or knowing omission of material fact by Defendants constitutes a separate violation under the CFA, N.J.S.A. 56:8-2.

**COUNT III**  
**VIOLATION OF CFA ADVERTISING REGULATIONS**

79. Plaintiffs reallege the allegations in paragraphs 1 through 68 above as if more fully set forth herein.

80. The Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., promulgated pursuant to the CFA, among other things, govern general advertising practices.

81. Specifically, the Advertising Regulations provide, in pertinent part:

- (a) Without limiting the application of N.J.S.A. 56:8-1 et seq., the following practices shall be unlawful with respect to all advertisements:

- . . . .
- 9. The making of false or misleading representations concerning the reasons for, existence or amounts of price reductions, the nature of an offering or the quantity of advertised merchandise available for sale.

[N.J.A.C. 13:45A-9.2(a)(9).]

82. The Advertising Regulations state that:

“Advertisement” means any attempt by an advertiser, other than by use of a price tag, catalog or any offering for the sale of a motor vehicle subject to the requirements of N.J.A.C. 13:45A-26A, to directly or indirectly induce the purchase or rental of merchandise at retail, appearing in any newspaper, magazine, periodical, circular, in-store or out-of-store sign or other written matter placed before the consuming public, or in any radio broadcast, television broadcast, electronic medium or delivered to or through any computer.

[N.J.A.C. 13:45A-9.1.]

83. The Advertising Regulations define “Advertiser” as “any person as defined by N.J.S.A. 56:8-1(d) who in the ordinary course of business is engaged in the sale or rental of merchandise at retail and who placed, either directly or through an advertising agency, and advertisement before the public.” N.J.A.C. 13:45A-9.1.

84. Defendants are advertisers and have placed advertisements before the public including, but not limited to, the New Hope website.

85. In their advertisement of pre-foreclosure loan modification assistance, Defendants have violated the Advertising Regulations by making false and/or misleading representations that mislead consumers to believe that they offer free foreclosure counseling assistance.

86. Defendants’ violations of the advertising regulations include, but are not limited to, the following:

- a. Announcing on the New Hope website, in bold-type, that consultations are “FREE”;
- b. Displaying a blurry image of an official-looking seal in red, white and blue, on the New Hope website;
- c. Using and advertising the name “New Hope” which is easily confused with the name of Hope Now, an alliance that includes free credit counselors; and
- d. Using and advertising the toll-free phone number, “877-373-HOPE,” which is easily confused with the toll-free number for Hope Now, 1-888-995-HOPE.

57. Each violation of the Advertising Regulations by Defendants constitutes a per se violation of the CFA, N.J.S.A. 56:8-2.

**COUNT IV**  
**VIOLATIONS OF THE DEBT ADJUSTMENT AND CREDIT COUNSELING ACT**

87. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 68 above as if more fully set forth herein.

88. Pursuant to N.J.S.A. 17:16G-2a, "No person other than a nonprofit social service agency or a nonprofit consumer credit counseling agency shall act as a debt adjuster."

89. Pursuant to N.J.S.A. 17:16G-1c:

(1) Debt adjuster means a person who either (a) acts or offers to act for a consideration as an intermediary between a debtor and his creditors for the purpose of settling, compounding, or otherwise altering the terms of payment of any debts of the debtor, or (b) who, to that end, receives money or other property from the debtor, or on behalf of the debtor, for payment to, or distribution among, the creditors of the debtor. (2) The following persons shall not be deemed debt adjusters: (a) an attorney-at-law of this State who is not principally engaged as a debt adjuster; (b) a person who is a regular, full-time employee of a debtor, and who acts as an adjuster of his employer's debts; (c) a person acting pursuant to any order or judgment of court, or pursuant to authority conferred by any law of this State or the United States; (d) a person who is a creditor of the debtor, or an agent of one or more creditors of the debtor, and whose services in adjusting the debtor's debts are rendered without cost to the debtor; or (e) a person who, at the request of a debtor, arranges for or makes a loan to the debtor, and who, at the authorization of the debtor, acts as an adjuster of the debtor's debts in the disbursement of the proceeds of the loan, without compensation for the services rendered in adjusting those debts.

90. Defendants engaged in loan modification services in the State of New Jersey that constituted debt adjustment activity within the scope of DACCA without first obtaining a license from the Commissioner pursuant to N.J.S.A. 17:16G-2.

91. Defendants, a for-profit entity and its principals thereof, engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of DACCA in violation of N.J.S.A. 17:16G-2, which provides that no person other than a nonprofit social service agency or a nonprofit consumer credit counseling agency shall act as a debt adjuster, and that any entity acting as a debt adjuster must be licensed as such.

92. Defendants engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of DACCA without first meeting the bonding and reporting requirements for licensees as set forth in N.J.S.A. 17:16G-5.

93. Defendants engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of DACCA and charged fees for Defendants' debt adjustment services in violation of the statutory limitations of 1% of the gross monthly income of the person to whom the service is rendered but not more than \$25.00 in any one month, as set forth at N.J.S.A. 17:16G-6 and N.J.A.C. 3:25-1.2.

94. Defendants engaged in loan modification services in the State of New Jersey that constituted unlicensed debt adjustment activity within the scope of DACCA without maintaining a separate trust account in a qualified bank in the name of the debt adjuster for the benefit of the debtors serviced by the debt adjuster and failed to maintain an appropriate ledger book for the trust account in violation of N.J.S.A. 17:16G-9

95. Since at least July 2008, Defendants have held themselves out to the New Jersey public as "debt adjusters" within the meaning of N.J.S.A. 17:16G-1.

96. In the establishment of its business, Defendant New Hope has incorporated in New Jersey as a Domestic for Profit LLC and has proceeded to operate as a for-profit business in the State.

97. In the operation of their business, Defendants have offered for sale and/or sold debt adjuster services to New Jersey debtors for substantial consideration.

98. In addition to the New Jersey debtor named above, Juanita Campbell, the State of New Jersey has complaints related to debt adjustment agreements between New Hope and ten additional New Jersey debtors, who were charged between \$600 and \$2,392 in fees, and approximately half of whom have received no refund.

99. Upon information and belief, scores more New Jersey debtors have been solicited by and/or entered into agreements with New Hope, all in violation of DACCA.

100. Defendants' conduct constitutes multiple violations of N.J.S.A. 17:16G-2(a) and N.J.S.A. 17:16G-2(b), which also constitute violations of the CFA, N.J.S.A. 56:8-2.

### **PRAYER FOR RELIEF**

WHEREFORE, based upon the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against Defendants:

- (a) Finding that the acts and omissions of Defendants constitute multiple instances of unlawful practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., and the regulations promulgated thereunder, specifically the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq.;
- (b) Temporarily, preliminarily, and permanently enjoining Defendants and their owners, officers, directors, shareholders, founders, 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., and the regulations promulgated thereunder, specifically the Advertising Regulations, N.J.A.C. 13:45A-9.1 et seq., and DACCA, 17:16G-1 et seq., including, but not limited to, the acts and practices alleged in this Verified Complaint and the activity that is the subject of Plaintiffs' request for temporary and preliminary injunctive relief, as set forth in the accompanying Order to Show Cause with Temporary Restraints Pursuant to Rule 4:52;

- (c) Freezing all assets of Defendants and preventing Defendants from engaging in any act of disposition of those assets, in accordance with N.J.S.A. 56:8-8;
- (d) Appointing a Receiver in accordance with N.J.S.A. 56:8-8 and 56:8-9 to assume control over the assets of the Defendant, render a full accounting and thereafter sell and/or convey such assets under the direction of the Court in order to restore any person who has suffered damages, whether named in the Verified Complaint or not, as a result of the unlawful acts of the Defendants;
- (e) Finding that the acts and practices engaged in by the Defendants constitute multiple violations of DACCA, N.J.S.A. 17:16G-1 et seq.;
- (f) Permanently enjoining the 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 DACCA, N.J.S.A. 17:16G-1 et seq., including but not limited to, the acts and practices alleged in this Complaint;
- (g) Assessing a penalty of \$1,000 for the first violation of the Debt Adjustment and Credit Counseling Act and \$5,000 for the second and each subsequent violation pursuant to N.J.S.A. 17:16G-8;
- (h) Providing restitution to any New Jersey homeowner that paid Defendants a fee, in violation of the Debt Adjustment and Credit Counseling Act;
- (i) Directing the assessment of restitution and damages amounts against Defendants, jointly and severally, to restore to any affected person, whether or not named in this Verified 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 and DACCA, N.J.S.A. 17:16G-8.
- (j) Assessing the maximum statutory civil penalties against Defendants, jointly and severally, for each and every violation of the CFA, in accordance with

N.J.S.A. 56:8-13;

- (k) Directing the assessment of costs and fees, including attorneys' fees, against 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
- (l) Assessing the maximum statutory civil penalties against Defendants, jointly and severally, for each and every violation of the Debt Adjustment and Credit Counseling Act, in accordance with N.J.S.A. 17:16G-8;
- (m) Granting such other relief as the interests of justice may require.

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

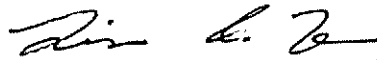
By:   
\_\_\_\_\_  
Lisa D. Kutlin  
Deputy Attorney General

Dated: March 9, 2009  
Newark, New Jersey

**RULE 4:5-1 CERTIFICATION**

I certify, to the best of my information and belief, that the matter in controversy in this action involving the aforementioned violations of the New Jersey Debt Adjustment and Credit Counseling Act, N.J.S.A. 17:16G-1 et seq., and the Consumer Fraud Act, N.J.S.A. 56:8-1 et seq., is not the subject of any other action pending in any other court of this State. I further certify that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By:   
Lisa D. Kutlin  
Deputy Attorney General

Dated: March 9, 2009  
Newark, New Jersey



**DESIGNATION OF TRIAL COUNSEL**

Pursuant to R. 4:25-4, Deputy Attorneys General Megan Lewis and Lisa Kutlin are hereby designated as trial counsel on behalf of Plaintiffs in this matter.

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

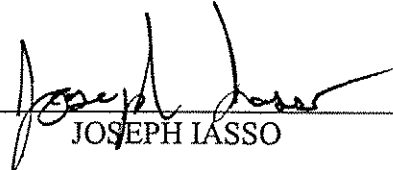
By: *Lisa D. Kutlin*  
Lisa D. Kutlin  
Deputy Attorney General

Dated: March 9, 2009  
Newark, New Jersey

VERIFICATION

I, Joseph Iasso, of full age, hereby certifies as follows:

1. I am an Investigator with the New Jersey Division of Consumer Affairs ("Division"), Office of Consumer Protection.
2. I have read the foregoing complaint and on my own personal knowledge and review of documents in possession of the Division, including the Certifications of Ms. Campbell, Ms. Mattingly, Ms Brackin, and Mr. Hunt, which are attached as Exhibits. I know that the facts set forth herein are true and they are incorporated in this certification by reference, except for those alleged upon information and belief.
3. I certify that the above statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

  
\_\_\_\_\_  
JOSEPH IASSO

Dated: March 7, 2009  
Newark, New Jersey