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9 THE PEOPLE OF THE STATE OF CALIFORNIA

10  
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 COUNTY OF SACRAMENTO  
13

14 THE PEOPLE OF THE STATE OF  
15 CALIFORNIA,

16 Plaintiff,

17 v.

18 US LOAN AUDITORS, INC., a California  
corporation; MY US LEGAL SERVICES,  
19 INC., a California corporation; JAMES  
DONALD SANDISON, an individual;  
20 SHANE BARKER, an individual; JEFFREY  
ALLEN PULVINO, an individual; SHARON  
21 L. LAPIN, an individual; JONATHAN  
GREGG STEIN, an individual; and DOES 1  
22 through 100, inclusive,

23 Defendants.  
24  
25  
26  
27  
28

[EXEMPT FROM FILING FEES  
UNDER GOVT. CODE SEC. 6103]

Case No.

**COMPLAINT FOR CIVIL PENALTIES,  
PERMANENT INJUNCTION AND  
OTHER EQUITABLE RELIEF**

1 Plaintiff, the People of the State of California, by and through Edmund G. Brown Jr.,  
2 Attorney General of the State of California, alleges the following on information and belief:

3 1. This action targets a foreclosure rescue scam that has snared hundreds of  
4 California consumers and it should be permanently enjoined to protect the public from further  
5 harm.

6 2. Defendants use a variety of deceptive advertising and marketing techniques to  
7 persuade homeowners that they have been victims of "predatory lending," that they have a strong  
8 legal case against their lender and/or mortgage broker, and that filing a lawsuit will give them  
9 "legal leverage" to obtain a loan modification, stave off foreclosure, and/or recover damages,  
10 including punitive damages. Defendants charge consumers thousands of dollars for a dubious  
11 "forensic audit" of their loan documents, plus recurring, monthly fees of \$1,000 or more to fund a  
12 "predatory lending" case in state or federal court. Based on the results of these "forensic audits,"  
13 which are prepared by non-lawyers and without any attorney supervision, Defendants have filed  
14 "cookie-cutter" lawsuits for hundreds of clients. These cases have overwhelmingly been  
15 dismissed at the pleading stage, have failed to result in any favorable settlements or adjudications,  
16 and would not, in any event, entitle consumers to the sweeping relief promised by Defendants.

17 3. Defendants falsely represent that filing a "predatory lending" lawsuit will  
18 somehow prevent homeowners' lender from foreclosing, or even collecting monthly mortgage  
19 payments during the pendency of litigation. Defendants further advise or encourage their clients  
20 to pay Defendants' monthly fees instead of their mortgages. Many of Defendants' clients took  
21 this advice, and as a result placed themselves in even greater danger of losing their homes.  
22 Defendants then bilk their clients for months, collecting thousands of dollars in fees for "legal  
23 services," when in reality, Defendants do little more than file and serve a boiler-plate complaint.  
24 In order to keep the monthly payments flowing, Defendants dodge their clients' phone calls,  
25 refuse to provide their clients any accounting of how their money is being spent, and/or string  
26 their clients along with false assurances that a settlement is in progress, or that litigation takes  
27 time.

1           4.       Defendants falsely portray themselves as “experts” in “predatory lending”  
2 litigation, when in fact Defendants have little or no litigation experience of any kind. Defendant  
3 My US Legal Services, Inc., which is not a law firm, recruits third-party attorneys to serve as  
4 attorneys of record in state or federal court, but in reality the company initiates and in many  
5 instances manages the litigation with little or no attorney oversight.

6           5.       Clients who pay for Defendants’ legal services do not first meet or consult with  
7 their attorney of record, but are instead assigned to an attorney recruited by Defendant My US  
8 Legal Services, Inc. The attorneys of record, including but not limited to Defendants Jonathan G.  
9 Stein and Sharon L. Lapin, are paid \$250 per month per case from Defendant My US Legal  
10 Services, and must sign contracts which prohibit them from “interfer[ing] with the relationship  
11 between [Defendant My US Legal Services] and client.” Clients are actively discouraged from  
12 trying to contact their assigned attorney and rarely, if ever, speak to or meet with them about their  
13 case. This arrangement fatally compromises the attorney’s independence, judgment, and ethical  
14 obligation to competently represent their clients’ interests, and the results have been devastating.

15          6.       State law governs the provision of “foreclosure consultant” services. (Civil  
16 Code, § 2945 et seq.) Foreclosure consultants must have a license from the Department of Real  
17 Estate (DRE), must register with the Department of Justice, and, in order to charge advance fees,  
18 must get prior approval from DRE. Recently, numerous California consumers have fallen prey to  
19 phony foreclosure rescue scams, especially “loan modification” services that charged consumers  
20 thousands of dollars in advance fees without providing any actual relief. This prompted the  
21 Legislature to enact Senate Bill 94 (SB 94), which was signed into law on October 11, 2009. SB  
22 94 strengthened and closed loopholes in existing law by prohibiting any person or business from  
23 charging advance fees for assisting a homeowner with obtaining a loan modification or other  
24 form of mortgage forbearance. In an attempt to avoid these statutory prohibitions against  
25 charging advance fees, and to bolster their credibility, Defendants repeatedly tell consumers that  
26 they are *not* a loan modification service. In fact, Defendants are marketing loan modification  
27 services dressed up as “forensic audits” and “legal services,” and are charging advance fees in  
28 violation of the Legislature’s express directives.

1           7.       On the whole, hundreds of California consumers, many of them facing difficult  
2 financial circumstances and the possible loss of their homes, have paid thousands of dollars each  
3 to Defendants (one consumer paid approximately \$56,000 for a "forensic audit" and "legal  
4 service" fees), and received little or no relief. At the same time, Defendants' litigation mill has  
5 littered both state and federal courts with hundreds of lawsuits that have little or no chance of  
6 affording consumers any meaningful relief. Ultimately, Defendants provide little or no assistance  
7 to their clients other than false hope. Defendants should be permanently enjoined from violating  
8 the law and ordered to pay substantial civil penalties and restitution to affected consumers.

9                                   **DEFENDANTS AND VENUE**

10       8.       Defendant US Loan Auditors, Inc. (US LOAN AUDITORS) is a California  
11 corporation with its principal place of business at 2882 Prospect Park Drive, Suite 350, Rancho  
12 Cordova, California 95670. Prior to August 9, 2010, Defendant US LOAN AUDITORS  
13 operated as a California limited liability company under the name US Loan Auditors, LLC.  
14 Defendant US LOAN AUDITORS has also conducted business at 817 14<sup>th</sup> Street, Sacramento,  
15 California 95814. Defendant US LOAN AUDITORS is not a law corporation, nor is it licensed  
16 as a real estate broker or an entity authorized to make loans or extensions of credit. Defendant  
17 US LOAN AUDITORS has never submitted an advance fee agreement application to the DRE,  
18 and has never received approval from DRE to charge advance fees for foreclosure consultant  
19 services. Defendant US LOAN AUDITORS has never been registered with the California  
20 Department of Justice as a foreclosure consultant. At all relevant times, Defendant US LOAN  
21 AUDITORS has transacted and continues to transact business throughout California, including  
22 Sacramento County.

23       9.       Defendant My US Legal Services, Inc. (US LEGAL SERVICES) is a California  
24 corporation with its principal place of business at 2882 Prospect Park Drive, Suite 350, Rancho  
25 Cordova, California 95670. Prior to August 9, 2010, Defendant US LEGAL SERVICES  
26 operated as a California limited liability company under the name My US Legal Services, LLC.  
27 Defendant US LEGAL SERVICES has also operated under the name US Legal Advisors, LLC,  
28 and has conducted business at 817 14<sup>th</sup> Street, Sacramento, California 95814. Defendant US

1 LEGAL SERVICES is not a law corporation, nor is it licensed as a real estate broker or an entity  
2 authorized to make loans or extensions of credit. Defendant US LEGAL SERVICES has never  
3 submitted an advance fee agreement application to the DRE, and has never received approval  
4 from DRE to charge advance fees for foreclosure consultant services. Defendant US LEGAL  
5 SERVICES has never been registered with the California Department of Justice as a foreclosure  
6 consultant. At all relevant times, Defendant US LEGAL SERVICES has transacted and  
7 continues to transact business throughout California, including Sacramento County.

8 10. Defendant James Donald Sandison (SANDISON), an individual, is a principal  
9 and founder of Defendants US LOAN AUDITORS and US LEGAL SERVICES, and is a  
10 licensed California attorney and real estate broker. Defendant SANDISON lists his attorney  
11 business address as P.O. Box 1085, Elk Grove, CA 95759, and his broker's business address as  
12 10837 Freeman Road, Wilton, California 95693. Defendant SANDISON is also the president and  
13 CEO of "The We Buy Houses Guys, Inc," a real estate investment company that purchases and  
14 sells single-family and multi-family homes. Defendant SANDISON has never submitted an  
15 advance fee agreement application to the DRE, and has never received approval from DRE to  
16 charge advance fees for foreclosure consultant services. Defendant SANDISON has never been  
17 registered with the California Department of Justice as a foreclosure consultant. Defendant  
18 SANDISON, acting alone or in concert with others, has formulated, directed, controlled,  
19 authorized, participated in, or ratified the acts and practices set forth in this Complaint. At all  
20 relevant times, Defendant SANDISON has transacted and continues to transact business  
21 throughout California, including Sacramento County.

22 11. Defendant Shane Barker (BARKER), an individual, is a principal and founder of  
23 Defendants US LOAN AUDITORS and US LEGAL SERVICES. Defendant BARKER is not an  
24 attorney, and is not licensed as a real estate broker, real estate salesperson, or person authorized to  
25 make loans or extensions of credit. Defendant BARKER has never submitted an advance fee  
26 agreement application to the DRE, and has never received approval from DRE to charge advance  
27 fees for foreclosure consultant services. Defendant BARKER has never been registered with the  
28 California Department of Justice as a foreclosure consultant. Defendant BARKER, acting alone



1 or in concert with others, has formulated, directed, controlled, authorized, participated in, or  
2 ratified the acts and practices set forth in this Complaint. At all relevant times, Defendant  
3 BARKER has transacted and continues to transact business throughout California, including  
4 Sacramento County.

5 12. Defendant Jeffrey Allen Pulvino (PULVINO), an individual, is a principal and  
6 founder of Defendants US LOAN AUDITORS and US LEGAL SERVICES. Defendant  
7 PULVINO is not an attorney, and is not licensed as a real estate broker, real estate salesperson, or  
8 person authorized to make loans or extensions of credit. Defendant PULVINO has never  
9 submitted an advance fee agreement application to the DRE, and has never received approval  
10 from DRE to charge advance fees for foreclosure consultant services. Defendant PULVINO has  
11 never been registered with the California Department of Justice as a foreclosure consultant. In  
12 2007, Defendant PULVINO was denied a real estate salesperson's license by the DRE because of  
13 numerous criminal convictions, including attempted grand theft. PULVINO, acting alone or in  
14 concert with others, has formulated, directed, controlled, authorized, participated in, or ratified  
15 the acts and practices set forth in this Complaint. At all relevant times, Defendant PULVINO has  
16 transacted and continues to transact business throughout California, including Sacramento County.

17 13. Defendant Sharon L. Lapin (LAPIN), an individual, is a licensed California  
18 attorney (State Bar No. 165919). Defendant LAPIN lists her business address as 336 Bon Air  
19 Center, Suite 492, Greenbrae, California 94904. On June 16, 2006, the California State Bar  
20 suspended LAPIN for one year, stayed her suspension, and placed her on probation for two years  
21 for 15 counts of misconduct, including but not limited to: (1) intentionally, recklessly, and  
22 repeatedly failing to perform legal services with competence; (2) failing to respond promptly to  
23 reasonable status inquiries of a client; and (3) failing to refund unearned fees to clients.  
24 Defendant LAPIN, acting alone or in concert with others, has formulated, directed, controlled,  
25 authorized, participated in, or ratified the acts and practices set forth in this Complaint. At all  
26 relevant times, Defendant LAPIN has transacted and continues to transact business throughout  
27 California, including Sacramento County.

1           14.       Defendant Jonathan Gregg Stein (STEIN), an individual, is a licensed California  
2 attorney (State Bar No. 224609). Defendant STEIN lists his business address as 5050 Laguna  
3 Boulevard, Suite 112-325, Elk Grove, California, 95758. Defendant STEIN, acting alone or in  
4 concert with others, has formulated, directed, controlled, authorized, participated in, or ratified  
5 the acts and practices set forth in this Complaint. At all relevant times, Defendant STEIN has  
6 transacted and continues to transact business throughout California, including Sacramento County.

7           15.       The true names and capacities, whether individual, corporate, associate or  
8 otherwise, of defendants sued herein as Does 1 through 100, inclusive, presently are unknown to  
9 Plaintiff, who therefore sues said defendants by such fictitious names. Plaintiff will seek leave to  
10 amend this Complaint to allege the true names of Does 1 through 100 when the same have been  
11 ascertained. Plaintiff is informed and believes, and based thereon alleges, that each of the  
12 fictitiously named defendants participated in some or all of the acts alleged herein.

13          16.       The defendants identified in Paragraphs 8 through 12 above may be referred to  
14 collectively in this Complaint as the "Non-Attorney Defendants."

15          17.       The defendants identified in Paragraphs 13 through 14 above, and Does 51-100,  
16 may be referred to collectively in this Complaint as the "Attorney Defendants."

17          18.       At all times mentioned herein, each of the Defendants acted as the principal,  
18 agent, or representative of each of the other Defendants, and in doing the acts herein alleged, each  
19 Defendant was acting within the course and scope of the agency relationship with each of the  
20 other Defendants, and with the permission and ratification of each of the other Defendants.

21          19.       Whenever reference is made in this Complaint to any act of any Defendant or  
22 Defendants, such allegation shall mean that such Defendant or Defendants did the acts alleged in  
23 this Complaint either personally or through the Defendant's or Defendants' officers, directors,  
24 employees, agents and/or representatives acting within the actual or ostensible scope of their  
25 authority.

26          20.       At all relevant times, Defendants have controlled, directed, formulated, known  
27 and/or approved of, and/or agreed to the various acts and practices of each of the Defendants.  
28

21. At all relevant times, each Defendant knew that the other Defendants were engaging in or planned to engage in the violations of law alleged in this Complaint. Knowing that other Defendants were engaging in such unlawful conduct, each Defendant nevertheless facilitated the commission of those unlawful acts. Each Defendant intended to and did encourage, facilitate, or assist in the commission of the unlawful acts alleged in this Complaint, and thereby aided and abetted the other Defendants in the unlawful conduct.

22. At all relevant terms, Defendants have engaged in a conspiracy, common enterprise, and common course of conduct, the purpose of which is and was to engage in the violations of law alleged in this Complaint. The conspiracy, common enterprise, and common course of conduct continue to the present.

23. The violations of law alleged in this Complaint occurred in Sacramento County and elsewhere throughout California and the United States.

#### **DEFENDANTS' BUSINESS PRACTICES**

24. Since at least February 2009, and continuing through the present, the Non-Attorney Defendants have engaged in a scheme to swindle distressed homeowners out of thousands of dollars by first enticing them to purchase a forensic loan audit, and then by persuading them to pay upfront monthly fees for Non-Attorney Defendants to file a "predatory lending lawsuit" on their behalf. The Non-Attorney Defendants advertise that their primary goal "is to ensure our clients our [sic] able to withstand the current market and maintain ownership of their property by ensuring their current lender hasn't violated their rights in any way." The Non-Attorney Defendants tell clients that these lawsuits are filed to "gain leverage" over their lender for the purpose of preventing foreclosures and/or negotiating loan modifications. As more particularly alleged below, Non-Attorney Defendants falsely represent both their success rate in bringing these lawsuits and the type of relief they have obtained for their clients.

#### **The Sales Pitch: Defendants Use Deception and False Promises to Lure Clients**

25. The Non-Attorney Defendants solicit homeowners in a number of ways, including advertising on the internet, newspapers, radio, television, and billboards, and also through direct mailings, telemarketing, and in-home solicitations. Through these advertisements,



1 homeowners are told that they may be victims of predatory lending and that US LOAN  
2 AUDITORS can help them stay in their homes and/or modify their mortgage. Non-Attorney  
3 Defendants' advertisements list a toll-free number for consumers to call for a free consultation.

4         26.       The Non-Attorney Defendants' advertisements are false and misleading. One  
5 tactic used by the Non-Attorney Defendants is to target homeowners using deceptive and  
6 misleading mailers. These mailers, labeled "Lender Investigation Notification," state, inter alia,  
7 that "Your lender ... is currently under investigation for predatory lending," or words to that  
8 effect, and are purposely designed to appear as though they came from a government agency or to  
9 suggest an affiliation between Defendant US LOAN AUDITORS and a government agency. The  
10 contents of the mailer are customized for each recipient and list an "ID Number," the name of the  
11 recipient's lender, the recipient's mortgage loan amount, and an "Investigator Contact Phone  
12 Number," which is US LOAN AUDITORS' business number. The mailers further state that the  
13 named homeowner "may qualify to initiate a lawsuit against [their] lender" to "stop foreclosure  
14 proceedings," and to "lower your monthly mortgage payments" or the "balance owed on your  
15 loan." In a further effort to suggest that US LOAN AUDITORS is conducting an official  
16 investigation, the mailer envelopes display the terms "CERTIFIED DELIVERY,"  
17 "PREDATORY LENDING INVESTIGATION," and a box citing "U.S. CODE TITLE 18, SEC.  
18 1702." These mailers are likely to mislead reasonable consumers to believe that Defendant US  
19 LOAN AUDITORS is a government agency, is affiliated with a government agency, or is  
20 endorsed or approved by a government agency, when it is not.

21         27.       When homeowners contact Defendant US LOAN AUDITORS by phone or in  
22 person, they speak with sales agents who identify themselves as "fraud investigators" and/or  
23 "licensed fraud investigators." These sales agents are not attorneys or experts in fraud  
24 investigations, and are not licensed to conduct investigations of any kind. Consistent with the  
25 claims and representations made on US LOAN AUDITORS' websites, mailers, marketing  
26 materials, and other advertisements, clients are told that a forensic loan audit will provide them  
27 with "legal leverage" to stop foreclosure and obtain a loan modification.  
28

1           28.       As part of their sales pitch, the Non-Attorney Defendants and their sales agents  
2 offer a free "preliminary review" or "soft audit" of the homeowners' mortgage documents to  
3 assess whether any potential "predatory lending" violations occurred. Such indicators are found  
4 in practically every case, and consumers are then told that they qualify for a more detailed  
5 "forensic audit."

6           29.       In order to sell their loan audit services, the Non-Attorney Defendants and their  
7 sales agents regularly make a series of false and/or misleading statements to clients, which  
8 include, but are not necessarily limited to the following:

9                   (a)     Defendants US LOAN AUDITORS and US LEGAL SERVICES have  
10 significant experience and success negotiating loan modifications and winning cases;

11                   (b)     Defendants US LOAN AUDITORS and US LEGAL SERVICES work  
12 directly with the California Attorney General, and their loan audits are supported by the  
13 California DRE, or words to that effect;

14                   (c)     Over 90 percent of forensic audits performed by US LOAN AUDITORS  
15 on adjustable rate mortgages reveal violations of federal law;

16                   (d)     In order to foreclose on a home, the lender must produce the original  
17 promissory note, and lenders cannot do so 50 percent of the time;

18                   (e)     During the audit process, a licensed attorney will review their loan and the  
19 audit findings;

20                   (f)     Clients will be able to avoid foreclosure "during the legal questioning of  
21 the legitimacy of a loan," or words to that effect;

22                   (g)     Clients will be able to obtain lower interest rates, including securing fixed  
23 rates for adjustable loans, from lenders;

24                   (h)     Clients will be able to secure principal reductions on their mortgage;

25                   (i)     Clients will be able to secure lower monthly mortgage payments;

26                   (j)     Clients will be able to remove any derogatory credit that was reported by  
27 the lender.  
28

1           30.       The Non-Attorney Defendants also advertise that they provide a “100% money  
2 back guarantee” if the audit fails to identify sufficient violations of State or Federal Law for an  
3 attorney to proceed with litigation, or words to that effect. When clients request a refund,  
4 however, their requests are typically denied or they receive no response at all. Many clients try  
5 for weeks and months without success to obtain a refund, but their calls and letters are routinely  
6 ignored, or they are told to be patient and wait.

7           31.       Homeowners who agree to purchase a forensic audit from Defendant US LOAN  
8 AUDITORS are required to sign a contract called a “Service Provider Agreement.” The contract  
9 requires consumers to pay an upfront fee equal to one percent of the homeowner’s original  
10 mortgage balance for the forensic audit. The cost of a forensic audit can typically range between  
11 \$2,000 and \$6,000, but some clients have paid Defendant US LOAN AUDITORS as much as  
12 \$20,025 for just the forensic audit. There is no correlation between the price of the audit and the  
13 amount of work required to complete the audit. Non-Attorney Defendants’ “fraud investigators”  
14 are paid on a commission basis only, and typically collect up to 50 percent of the amount charged  
15 less administrative expenses, but only when they are able to sell clients both the audit and “legal  
16 services” provided by Defendant US LEGAL SERVICES, as alleged below. This arrangement  
17 provides Non-Attorney Defendants’ “fraud investigators” with an incentive to do everything  
18 possible to sell “legal services” to clients who have already purchased forensic audits.

19           32.       The “Forensic Loan Audit Analysis Report” provided by Defendant US LOAN  
20 AUDITORS consists in large part of a computer-generated report that is created after their non-  
21 legal staff input information about the client’s loan into an internet-based computer software  
22 program provided by a third-party vendor. Invariably, the report finds that there are potential  
23 violations of law, regardless of how minor or inconsequential. The report is drafted exclusively  
24 by non-attorneys working for Defendant US LOAN AUDITORS, and is not reviewed for  
25 accuracy by any attorneys.

26                           **Pitching the “Predatory Lending” Lawsuit**

27           33.       After the forensic audit is completed, the Non-Attorney Defendants and their  
28 sales agents will typically meet with or contact the client to explain the findings of the “Forensic

1 Loan Audit Analysis Report,” and to discuss the client’s legal options. The completed audit  
2 report typically contains a section labeled “Attorney/Client Confidential,” which not only bolsters  
3 the false claim that a licensed attorney reviewed their loan, but also creates the impression that an  
4 attorney-client relationship exists between the Non-Attorney Defendants and their clients. In  
5 most instances, homeowners are told by “fraud investigators” working for Defendant US LEGAL  
6 AUDITORS that they have been victims of unlawful predatory lending practices, and have a  
7 strong legal case against their lender or mortgage broker. Clients are also advised or encouraged  
8 to stop making monthly mortgage payments and to instead pay additional upfront fees to  
9 Defendant US LEGAL SERVICES to bring a “predatory lending lawsuit.”

10 34. Non-Attorney Defendants and their sales agents routinely tell their clients that  
11 “our attorneys will use [the audit] as leverage to argue the validity of your loan, and point out  
12 potential areas where your rights have been violated,” or words to that effect. The Non-Attorney  
13 Defendants and their sales agents also routinely tell clients that their attorneys “specialize in debt  
14 negotiation, debt settlement, predatory lending, loan modification, litigation, and consumer  
15 injury.” In fact, the attorneys recruited for these cases frequently have little or no relevant  
16 experience, and Defendant LAPIN, who received over 130 referrals from Defendant US LEGAL  
17 SERVICES, was previously sanctioned by the State Bar for failing to competently perform legal  
18 services on behalf of her clients.

19 35. Non-Attorney Defendants and their sales agents have also claimed to achieve a  
20 high rate of success because of Defendant SANDISON’s background as an attorney, real estate  
21 broker, and former deputy sheriff, and have told clients that they can trust him, that he will  
22 personally represent them, and that he is personally acquainted with federal judges. These  
23 representations are false and misleading. Defendant SANDISON has never represented any US  
24 LEGAL SERVICES client in court. These false and misleading statements are made to bolster  
25 the credibility of Defendant US LEGAL SERVICES, to foster their clients’ trust and confidence,  
26 and to create the impression that an attorney-client relationship exists between Defendant US  
27 LEGAL SERVICES and the client.

1           36.       The Non-Attorney Defendants and their sales agents, in order to induce clients to  
2 purchase legal services from Defendant US LEGAL SERVICES, regularly make a series of false  
3 and misleading statements, including but not limited to the following:

4                   (a)       That the foreclosure process will be “frozen” during litigation;

5                   (b)       That during litigation, the homeowner will not be required to make  
6 monthly mortgage payments;

7                   (c)       That if a lawsuit is filed against the lender, the consumer will obtain a loan  
8 modification because the lender does not want the public exposure of defending the lawsuit;

9                   (d)       That they have “never lost a case.”

10           37.       Non-Attorney Defendants and their sales agents also use marketing materials  
11 that contain false and misleading statements to sell their legal services. To close the sale, clients  
12 are presented with “Examples of Cases that US Loan Auditors has Won” – a list of “settlements”  
13 in which the borrower purportedly received a reduction of the principal balance on their mortgage  
14 loan, a reduction and restructuring of the interest rate, and payment of attorneys fees. These  
15 “wins” by the Non-Attorney Defendants are fictitious; they are not based on any “forensic audit”  
16 or other service provided by any of the Non-Attorney Defendants. At other times, the Non-  
17 Attorney Defendants and their sales agents have falsely claimed that they have obtained many  
18 favorable settlements from lenders, but that they are unable to provide details because the deals  
19 must be kept “confidential” and they are under a “gag order.”

20           38.       Defendant US LEGAL SERVICES charges its clients an additional upfront  
21 monthly fee in an amount equal to “one-half (1/2) of their total monthly principle [sic] and  
22 interest mortgage payment” to go forward with a predatory lending lawsuit. Non-Attorney  
23 Defendants require each client to sign an authorization agreement for automatic debits (called an  
24 “ACH Agreement”), to be deducted directly from the client’s bank account. Clients typically pay  
25 thousands of dollars in upfront monthly fees to Defendant US LEGAL SERVICES to initiate a  
26 predatory lending lawsuit.

27           39.       Although the fixed monthly fees are automatically debited from clients’ bank  
28 accounts by Defendant US LEGAL SERVICES “for the processing of Clients [sic] legal action,”



1 clients are never sent monthly invoices or given an accounting of the services that have been  
2 provided. When clients request such information they are routinely told that Defendant US  
3 LEGAL SERVICES "is not an accounting firm," or words to that effect, and sales agents are  
4 instructed to put them off until they stop calling.

5 40. Weeks or months later, but after Defendant US LEGAL SERVICES has already  
6 started debiting monthly fees from their clients' bank accounts, clients are presented with a  
7 "welcome letter" and "Legal Services Agreement," which indicates that a named attorney will be  
8 representing the client in the predatory lending lawsuit. The particular contract attorney, who  
9 may have little or no experience in real estate litigation, is recruited and assigned to the case by  
10 Defendant US LEGAL SERVICES without the client first having the opportunity to consult with  
11 the attorney.

12 41. Unknown to their clients, Defendant US LEGAL SERVICES has a separate  
13 contractual arrangement with their outside contract attorneys, including Defendants LAPIN and  
14 STEIN, which provides that Defendant US LEGAL SERVICES will provide legal services for  
15 the client's case, including "drafting legal pleadings, summons, civil case cover sheets, case  
16 management documents, motions and responses to motions filed by any defendants, and  
17 generating and responding to discovery;" "[conducting] all necessary legal research;" and  
18 "[arranging] for the summons, complaint and any other documents to be served upon all  
19 defendants named in the litigation." The contract further provides that US LEGAL SERVICES  
20 will pay contract attorneys a monthly fee of \$250 per case as long as each client continues to pay  
21 US LEGAL SERVICES' monthly legal fees, and prohibits each contract attorney from  
22 "interfer[ing] with the relationship between [Defendant My US Legal Services] and Client."

23 42. Based on Non-Attorney Defendants' misrepresentations, their false and  
24 misleading marketing materials, and the exorbitant monthly fees they charge, clients believe that  
25 they have retained Defendant US LEGAL SERVICES to file a "predatory lending" lawsuit and to  
26 negotiate a settlement on their behalf.

**Defendants' Litigation Mill**

43. After clients start making monthly payments to Defendant US LEGAL SERVICES, their audit files are "sent" to the "legal" department for processing the lawsuit. The US LEGAL SERVICES "legal" department is staffed and supervised by non-attorney "legal processors," and at least two former California attorneys who are no longer eligible to practice law in California. One former attorney who supervises non-legal staff resigned from the practice of law with State Bar disciplinary charges pending in 2007, and was subsequently convicted of grand theft in connection with his representation of clients in 2008. Another former attorney employed by Defendant US LEGAL SERVICES resigned from the practice of law with State Bar disciplinary charges pending on July 8, 2009.

44. Defendant US LEGAL SERVICES prepares legal complaints based on the results of the "soft audit" and/or the complete "forensic audit" conducted by non-attorney employees of US LOAN AUDITORS. Although these complaints may be tailored to a specific client, they are drafted by non-attorney employees using a fill-in-the-blanks computer template and typically contain identical causes of action. Non-attorney employees simply enter the client's information into a few fields, and the computer generates the complaint. Thereafter, Defendant US LEGAL SERVICES files the complaints, serves the defendants, drafts and files all opposition motions, and manages all other aspects of the case, including attempting to negotiate for a loan modification or an extension of the trustee sale date on the client's behalf. Defendant US LEGAL SERVICES' contract attorneys, including LAPIN and STEIN, do not control or supervise US LEGAL SERVICES' employees, and must agree not to interfere with the relationship between US LEGAL SERVICES and the client.

45. Defendant US LEGAL SERVICES also assigns too many cases to its legal processors and other non-attorney staff. The processors are assigned up to hundreds of clients at one time, and do not have time to give proper attention to each. At times, the legal processors have been as long as five months behind on their client workload. As a result, clients typically pay US LEGAL SERVICES thousands of dollars in monthly fees before a complaint is even filed.

1           46.       Soon after Defendant US LEGAL SERVICES begins receiving monthly advance  
2 fee payments from clients, it stops having regular or meaningful contact with clients. While  
3 clients repeatedly call, e-mail, fax, or even visit the office seeking updates on the status of their  
4 case, Non-Attorney Defendants regularly fail to respond to their inquiries. In the rare instances  
5 where clients are able to make contact with Non-Attorney Defendants, they are told to remain  
6 patient because the case is in litigation, or that negotiations are proceeding. In other instances,  
7 clients are told that a settlement is imminent. These representations are false, and Non-Attorney  
8 Defendants know they are false at the time they are made.

9           47.       Many consumers, having paid large sums of money to Non-Attorney Defendants  
10 for their legal services, lost their homes, filed for bankruptcy, or were forced to sell their homes in  
11 a short sale. When clients' homes are sold in foreclosure, despite Non-Attorney Defendants'  
12 promise to clients that they would be able to keep their homes, Non-Attorney Defendants and  
13 their sales agents often tell homeowners "that's better for your case," or words to that effect.  
14 When clients are being evicted from their homes by the lender or new owner following a trustee  
15 sale, they are routinely told that US LEGAL SERVICES does not provide legal services for  
16 unlawful detainer cases, and that they must seek outside counsel on their own.

17           48.       Despite assurances to the contrary, Defendants make little effort to prosecute a  
18 predatory lending lawsuit or negotiate a settlement with lenders. Cases do not settle or proceed to  
19 trial. Monetary sanctions have been ordered against US LEGAL SERVICES' contract attorneys,  
20 including Defendants LAPIN and STEIN, for failing to appear in court for hearings on motions or  
21 on orders to show cause. Cases repeatedly get dismissed. In order to keep the automatic monthly  
22 payments flowing, Defendants dodge their clients' phone calls, refuse to provide clients any  
23 accounting of how their money is being spent, and string their clients along with false assurances  
24 that a settlement is in progress, or that litigation takes time.

25           49.       Since at least February 2009, and continuing to the present, Non-Attorney  
26 Defendants improperly collected thousands of dollars in advance fees from homeowners, even  
27 when the homeowners they solicited for services had already defaulted on their mortgage  
28

1 obligations, lenders had recorded notices of default against the homeowners' properties, and/or  
2 lenders had issued a notice of trustee sale of the homeowners' properties.

3 50. Since at least October 11, 2009, Non-Attorney Defendants have required all  
4 homeowners, regardless of whether their homes are in foreclosure, to pay Non-Attorney  
5 Defendants thousands of dollars in advance fees before Non-Attorney Defendants will render  
6 their forensic audit services and/or their legal services.

7 51. Since at least October 11, 2009, Non-Attorney Defendants have not provided  
8 clients with a separate notice required by Civil Code section 2944.6, subdivision (a), before  
9 entering into fee agreements with its clients.

10 52. Non-Attorney Defendants have also marketed and sold their services to  
11 consumers who are particularly vulnerable to fraud, including the disabled and/or those 65 years  
12 of age and older, and Spanish-speaking consumers.

13 53. At all relevant times, Defendants SANDERSON, BARKER, and PULVINO  
14 conducted, supervised, developed, and/or oversaw training of the sales agents and fraud  
15 investigators who sold loan audits and legal services for US LEGAL AUDITORS and US  
16 LEGAL SERVICES.

17 54. Consumers have suffered and continue to suffer substantial monetary loss as a  
18 result of Defendants' unlawful acts and practices. Defendants have been unjustly enriched as a  
19 result of the unlawful practices set forth in this Complaint. Without injunctive relief from the  
20 Court, Defendants are likely to continue to injure consumers and harm the public interest.

21 **FIRST CAUSE OF ACTION AGAINST**  
22 **DEFENDANTS US LEGAL AUDITORS, US LEGAL SERVICES, SANDISON,**  
23 **BARKER, AND PULVINO VIOLATIONS OF BUSINESS AND PROFESSIONS**  
24 **CODE SECTION 17500**  
**(UNTRUE OR MISLEADING REPRESENTATIONS)**

25 55. Plaintiff realleges Paragraphs 1 through 54 and incorporates those Paragraphs by  
26 reference as though they were fully set forth in this cause of action.

27 56. From a date unknown to Plaintiff and continuing to the present, Non-Attorney  
28 Defendants directly and through their agents, have violated and continue to violate Business and

1 Professions Code section 17500 by making or causing to be made untrue or misleading  
2 statements with the intent to induce members of the public to purchase Defendants' services, as  
3 described in Paragraphs 25 through 30, and Paragraphs 33 through 36, above. Defendants' untrue  
4 or misleading representations include, but are not limited to, the following:

5 (a) Non-Attorney Defendants' sales agents regularly represent themselves, and  
6 are trained to call themselves, "fraud investigators" and/or "licensed fraud investigators" or words  
7 to that effect;

8 (b) Non-Attorney Defendants' sales agents regularly represent that Defendant  
9 US LEGAL AUDITORS is "licensed" to conduct fraud investigations, or words to that effect;

10 (c) Non-Attorney Defendants' sales agents regularly tell prospective clients  
11 that the company "works directly" with the Attorney General's Office and that their services are  
12 supported by the Department of Real Estate, or words to that effect;

13 (d) Non-Attorney Defendants' sales agents routinely tell clients that in order  
14 to foreclose, the lender must produce the original promissory note, and that lenders cannot do so  
15 50 percent of the time, or words to that effect;

16 (e) Non-Attorney Defendants and their sales agents routinely tell clients that  
17 once a lawsuit is filed, the lender "is not allowed to foreclose," or words to that effect;

18 (f) Non-Attorney Defendants and their sales agents routinely tell clients that  
19 once a lawsuit is filed, the client does not have to continue making monthly mortgage payments  
20 to the lender;

21 (g) Non-Attorney Defendants and their sales agents routinely tell clients that  
22 their monthly mortgage payments "are reduced by up to 50% during litigation," or words to that  
23 effect;

24 (h) Non-Attorney Defendants and their sales agents routinely guarantee a  
25 successful predatory lending lawsuit for clients;

26 (i) Non-Attorney Defendants and their sales agents routinely tell clients that  
27 they will stop foreclosure proceedings;  
28



1 (j) Non-Attorney Defendants and their sales agents routinely tell clients that  
2 they will be able to secure principal reductions for the clients' mortgages;

3 (k) Non-Attorney Defendants and their sales agents routinely tell clients that  
4 they will be able to secure lower monthly mortgage payments for the clients;

5 (l) Non-Attorney Defendants and their sales agents routinely tell clients that  
6 they will be able to obtain refunds of some or all of the original closing costs paid by clients;

7 (m) Non-Attorney Defendants and their sales agents routinely tell clients that  
8 they will be able to obtain refunds of some or all mortgage interest paid by clients;

9 (n) Non-Attorney Defendants and their sales agents routinely tell clients that  
10 they will be able to receive financial compensation in the form of damages, including punitive  
11 damages;

12 (o) Non-Attorney Defendants and their sales agents routinely tell clients that  
13 the upfront fees they collect from their clients are refundable if the audit fails to identify sufficient  
14 violations of State or Federal Law for an attorney to proceed with litigation or words to that effect;

15 (p) Non-Attorney Defendants and their sales agents routinely tell clients that  
16 during the audit process "a licensed attorney will review" the client's loan, or words to that effect;

17 (q) Non-Attorney Defendants and their sales agents routinely tell clients that  
18 they use attorneys who "specialize in debt negotiation, debt settlement, predatory lending, loan  
19 modification, litigation, and consumer injury;"

20 (r) Non-Attorney Defendants and their sales agents routinely provide potential  
21 clients with purported "Examples of Cases that US Loan Auditors has Won," wherein settlements  
22 include loan modifications and payment of attorneys fees;

23 (s) Non-Attorney Defendants' marketing mailers claim that the homeowners'  
24 lender is under investigation for predatory lending, or that Defendants are investigating the  
25 homeowners' lender for predatory lending.

26 57. At the time these untrue or misleading representations were made, Non-Attorney  
27 Defendants knew or by the exercise of reasonable care should have known that the  
28 representations were untrue or misleading.

**SECOND CAUSE OF ACTION AGAINST  
DEFENDANTS US LEGAL AUDITORS, US LEGAL SERVICES, SANDISON,  
BARKER, AND PULVINO VIOLATIONS OF BUSINESS AND PROFESSIONS  
CODE SECTION 17200  
(UNFAIR COMPETITION)**

58. Plaintiff realleges Paragraphs 1 through 54 and incorporates those Paragraphs by reference as though they were fully set forth in this cause of action.

59. From a date unknown to Plaintiff and continuing to the present, Non-Attorney Defendants have engaged in and continue to engage in, aided and abetted and continue to aid and abet, and conspired to and continue to conspire to engage in acts or practices that constitute unfair competition as defined in Business and Professions Code section 17200. Such acts or practices include, but are not limited to, the following:

(a) Non-Attorney Defendants fail to perform on their promises, made in exchange for upfront fees from their clients, that they would use the forensic loan audit as legal leverage to stop foreclosures, negotiate modifications of their mortgage loans, and secure lower and/or fixed interest rates, principal reductions, and, in some cases, obtain monetary damages. Non-Attorney Defendants did little or nothing to help clients modify their mortgage loans or obtain a favorable legal settlement. Instead, many consumers, having already paid large sums of money to Non-Attorney Defendants, lost their homes, filed for bankruptcy, or were forced to sell their homes in a short sale;

(b) Non-Attorney Defendants represent to clients that they are experts in predatory lending litigation, and that their attorneys will prosecute a predatory lending lawsuit on behalf of homeowners. Among other reasons, these representations are untrue or misleading because Non-Attorney Defendants are not a law firm, and have little or no litigation experience of any kind. Furthermore, these representations are untrue or misleading because Non-Attorney Defendants' contract attorneys do not initially determine whether a predatory lending lawsuit should be filed, and do not draft or adequately supervise the complaints or subsequent pleadings filed by Non-Attorney Defendants on behalf of clients;

(c) Non-Attorney Defendants lure customers into paying upfront fees with promises of a 100 percent money back guarantee. When clients learned that Defendants had done

1 little or nothing to assist them, they demanded the promised refund. Despite Non-Attorney  
2 Defendants' promises, clients are regularly denied refunds, as alleged in Paragraph 30 above;

3 (d) Non-Attorney Defendants deceive clients into believing that they do not  
4 have to continue to make their monthly mortgage payments to their lender while their case is in  
5 "litigation," and that they can instead divert up to 50 percent of those funds to pay Defendants'  
6 upfront fees as described in Paragraphs 33, 36 and 38 above. Clients relied on Defendants'  
7 advice in part because Non-Attorney Defendants assured them that they had never lost a case and  
8 that the missed mortgage payments would not endanger or adversely impact the clients. Non-  
9 Attorney Defendants' advice placed clients in even greater jeopardy of losing their homes, and  
10 many clients in fact lost their homes as described in Paragraph 47 above;

11 (e) Non-Attorney Defendants bill clients monthly for legal fees before any  
12 contract attorney is ever assigned to the case, and despite Defendants providing little or no legal  
13 services to their clients. Furthermore, Defendant US LEGAL SERVICES fails to provide clients  
14 with invoices or an accounting of the services that have purportedly been provided;

15 (f) Non-Attorney Defendants engage in conduct more specifically set forth in  
16 Paragraphs 24 through 52;

17 (g) Non-Attorney Defendants violate Business and Professions Code section  
18 17533.6, by employing the use of terms and symbols on mailers, which give the appearance that  
19 Defendants were connected to, or endorsed by a state or local governmental agency, as described  
20 in Paragraph 26 above;

21 (h) Non-Attorney Defendants violate Business and Professions Code sections  
22 6125 and 6126, by advertising that they are practicing or entitled to practice law, without being  
23 authorized to practice law, and by engaging in the unauthorized practice of law, as described in  
24 Paragraphs 33 through 48 above;

25 (i) Non-Attorney Defendants violate Business and Professions Code section  
26 6155, by directly or indirectly referring potential clients to attorneys without being registered as a  
27 lawyer referral service by the State Bar;

(j) Non-Attorney Defendants violate Business and Professions Code section 17500, as more particularly alleged in Paragraphs 55 through 57 above;

(k) Non-Attorney Defendants violate Civil Code section 2944.7, by collecting advance fees from consumers for loan modification services or other forms of mortgage loan forbearance services from October 11, 2009, to the present as described in Paragraph 50 above;

(l) Non-Attorney Defendants violate Civil Code section 2944.6 by failing to provide the required written notice to its clients prior to entering into any fee agreement for loan modification services or other forms of mortgage loan forbearance from October 11, 2009, to the present, as described in Paragraph 51 above;

(m) Non-Attorney Defendants violate Civil Code section 2945.4, subdivision (a) by collecting advance fees before performing loan modification services for consumers who had already defaulted on their mortgage obligations and whose lenders had recorded notices of default against the consumers' properties, as specifically described in Paragraph 49 above;

(n) Non-Attorney Defendants violate Civil Code section 2945.45 by failing to register and obtain a certificate of registration as foreclosure consultants from the Department of Justice as specifically described in Paragraphs 8 through 12 above.

**THIRD CAUSE OF ACTION AGAINST  
DEFENDANTS US LEGAL ADVISORS, US LEGAL SERVICES,  
SANDISON, BARKER, AND PULVINO  
VIOLATION OF CIVIL CODE SECTION 2944.7  
(COLLECTING ADVANCE FEES)**

60. Plaintiff realleges Paragraphs 1 through 54 and incorporates those Paragraphs by reference as though they were fully set forth in this cause of action.

61. In addition to the conduct alleged as part of the First and Second Causes of Action in this Complaint, from October 11, 2009, to the present, Non-Attorney Defendants also violated and continue to violate Civil Code section 2944.7, subdivision (a)(1), by collecting advance fees from consumers for loan modification services and other forms of mortgage loan services as described in Paragraph 50 above.

1                                   **FOURTH CAUSE OF ACTION AGAINST**  
2                                   **DEFENDANTS US LEGAL ADVISORS, US LEGAL SERVICES,**  
3                                   **SANDISON, BARKER, AND PULVINO**  
4                                   **VIOLATION OF CIVIL CODE SECTION 2944.6**  
5                                   **(FAILURE TO PROVIDE PROPER DISCLOSURES)**

6           62.       Plaintiff realleges Paragraphs 1 through 54 and incorporates those Paragraphs by  
7 reference as though they were fully set forth in this cause of action.

8           63.       In addition to the conduct alleged as part of the First, Second, and Third Causes  
9 of Action in this Complaint, from October 11, 2009, to the present, Non-Attorney Defendants  
10 also violated and continue to violate Civil Code section 2944.6, subdivision (a), by failing to  
11 provide the required written notice to its clients prior to entering into any fee agreement for loan  
12 modification services or other forms of mortgage loan forbearance, as specifically described in  
13 Paragraph 51 above.

14                                   **FIFTH CAUSE OF ACTION AGAINST**  
15                                   **DEFENDANTS US LEGAL ADVISORS, US LEGAL SERVICES,**  
16                                   **SANDISON, BARKER, AND PULVINO**  
17                                   **VIOLATION OF CIVIL CODE SECTION 2945.4**  
18                                   **(COLLECTING ADVANCE FEES FROM CLIENTS IN FORECLOSURE)**

19           64.       Plaintiff realleges Paragraphs 1 through 54 and incorporates those Paragraphs by  
20 reference as though they were fully set forth in this cause of action.

21           65.       Non-Attorney Defendants are operating as foreclosure consultants, as defined in  
22 Civil Code section 2945.1.

23           66.       In addition to the conduct alleged as part of the First, Second, Third, and Fourth  
24 Causes of Action in this Complaint, Non-Attorney Defendants also violated and continue to  
25 violate Civil Code section 2945.4, subdivision (a), by collecting advance fees before performing  
26 loan modification services for consumers who had already defaulted on their mortgage  
27 obligations and whose lenders had recorded notices of default against the consumers' properties,  
28 as specifically described in Paragraph 49 above.



**SIXTH CAUSE OF ACTION AGAINST  
DEFENDANTS US LEGAL ADVISORS, US LEGAL SERVICES,  
SANDISON, BARKER, AND PULVINO  
VIOLATION OF CIVIL CODE SECTION 2945.45  
(FAILURE TO REGISTER AS FORECLOSURE CONSULTANTS)**

67. Plaintiff realleges Paragraphs 1 through 54 and incorporates these Paragraphs by reference as though they were fully set forth in this cause of action.

68. Non-Attorney Defendants are operating as foreclosure consultants, as defined in Civil Code section 2945.1.

69. In addition to the conduct alleged as part of the First, Second, Third, Fourth, and Fifth Causes of Action in this Complaint, Non-Attorney Defendants also violate Civil Code section 2945.45 by failing to register and obtain a certificate of registration as from the Department of Justice as foreclosure consultants, as specifically described in Paragraphs 8 through 12 above.

**SEVENTH CAUSE OF ACTION AGAINST  
ATTORNEY DEFENDANTS LAPIN AND STEIN  
VIOLATIONS OF BUSINESS AND PROFESSIONS CODE SECTION 17200  
(UNFAIR COMPETITION)**

70. Plaintiff realleges Paragraphs 1 through 54 and incorporates those Paragraphs by reference as though they were fully set forth in this cause of action.

71. Defendant LAPIN entered into a business arrangement with Defendant US LEGAL SERVICES since at least August 2009, and was attorney of record in at least 130 cases assigned to her by US LEGAL SERVICES on behalf of homeowners. Defendant Lapin entered into a business arrangement with Defendant US LEGAL SERVICES in which US LEGAL SERVICES would refer clients to her, pay her a monthly fee of \$250 per case, and provide "legal services" for each client's case as long as she did not interfere with the relationship between Defendant US LEGAL SERVICES and the client. Defendant LAPIN failed to disclose this arrangement with clients referred to her by Defendant US LEGAL SERVICES, and US LEGAL SERVICES paid her thousands of dollars as part of this business arrangement. Defendant LAPIN never met or had any contact with clients prior to the time that cases were assigned to her by Defendant US LEGAL SERVICES.

1           72. Defendant STEIN entered into a business arrangement with Defendant US  
2 LEGAL SERVICES since at least March 2009, and was attorney of record in at least 40 cases  
3 assigned to him by Defendant US LEGAL SERVICES on behalf of homeowners. Defendant  
4 STEIN entered into a business arrangement with Defendant US LEGAL SERVICES in which US  
5 LEGAL SERVICES would refer clients to him, pay him a monthly fee of \$250 per case, and  
6 provide "legal services" for each client's case as long as he did not interfere with the relationship  
7 between Defendant US LEGAL SERVICES and the client. Defendant STEIN failed to disclose  
8 this arrangement with clients referred to him by Defendant US LEGAL SERVICES, and US  
9 LEGAL SERVICES paid him thousands of dollars as part of this business arrangement.  
10 Defendant STEIN never met or had any contact with clients prior to the time that cases were  
11 assigned to him by Defendant US LEGAL SERVICES.

12           73. Defendants LAPIN and STEIN, and Does 51-100 (the Attorney Defendants)  
13 have engaged in unfair competition as defined in Business and Professions Code section 17200  
14 by engaging in acts and practices which include, but are not necessarily limited to:

15           (a) Violating Business and Professions Code sections 6125 and 6126, and  
16 California Rules of Professional Conduct, rule 1-300(A), by aiding persons or entities in the  
17 unauthorized practice of law as described in Paragraphs 33 through 48, and Paragraphs 71  
18 through 72, above;

19           (b) Violating California Rules of Professional Conduct, rule 1-320(A) by  
20 directly or indirectly sharing legal fees with a non-lawyer, as described in Paragraph 41, and  
21 Paragraphs 71 through 72, above;

22           (c) Violating California Rules of Professional Conduct, rule 1-600 by allowing  
23 non-lawyers to interfere with the independence and judgment of the lawyer, as described in  
24 Paragraphs 41 through 48 above;

25           (d) Violating California Rules of Professional Conduct, rule 3-110(A) by  
26 intentionally, recklessly, or repeatedly failing to perform legal services with competence and by  
27 failing to properly supervise employees, as described in Paragraphs 41 through 48 above.  
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**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for judgment as follows:

1. That Defendants, their successors, agents, representatives, employees, assigns and all persons who act in concert with Defendants be permanently enjoined from making any untrue or misleading statements in violation of Business and Professions Code section 17500, including, but not limited to, the untrue or misleading statements alleged in this Complaint, under the authority of Business and Professions Code section 17535;

2. That Defendants, their successors, agents, representatives, employees, assigns and all persons who act in concert with Defendants be permanently enjoined from engaging in unfair competition as defined in Business and Professions Code section 17200, including, but not limited to, the acts and practices alleged in this Complaint, under the authority of Business and Professions Code section 17203;

3. That the Court make such orders or judgments as may be necessary, including preliminary injunctive and ancillary relief, to prevent the use or employment by any Defendant of any practice which violates section 17500 of the Business and Professions Code, or which may be necessary to restore to any person in interest any money or property, real or personal, which may have been acquired by means of any such practice, under the authority of Business and Professions Code section 17535;

4. That the Court make such orders or judgments as may be necessary, including preliminary injunctive and ancillary relief, to prevent the use or employment by any Defendant of any practice which constitutes unfair competition or as may be necessary to restore to any person in interest any money or property, real or personal, which may have been acquired by means of such unfair competition, under the authority of Business and Professions Code section 17203;

5. That the Court assess a civil penalty of \$2,500 against each Non-Attorney Defendant for each violation of Business and Professions Code section 17200, in an amount according to proof but not less than \$5 million, under the authority of Business and Professions Code section 17206;

1           6.       That the Court assess a civil penalty of \$2,500 against each Non-Attorney  
2 Defendant for each violation of Business and Professions Code section 17500, in an amount  
3 according to proof but not less than \$25 million, under the authority of Business and Professions  
4 Code section 17536;

5           7.       That the Court assess a civil penalty of \$2,500 against each Non-Attorney  
6 Defendant for each violation of Business and Professions Code section 17200 perpetrated against  
7 a senior citizen or disabled person, in an amount according to proof under the authority of  
8 Business and Professions Code section 17206.1;

9           8.       That the Court assess a fine of not more than \$50,000 against each Non-Attorney  
10 Defendant business entity and not more than \$10,000 against each remaining Non-Attorney  
11 Defendant for each violation of Civil Code section 2944.7, in an amount according to proof, but  
12 not less than \$80,000, under the authority of Civil Code section 2944.7, subdivision (b);

13          9.       That the Court assess a fine of not more than \$50,000 against each Non-Attorney  
14 Defendant business entity and not more than \$10,000 against each remaining Non-Attorney  
15 Defendant for each violation of Civil Code section 2944.6, in an amount according to proof, but  
16 not less than \$80,000, under the authority of Civil Code section 2944.6, subdivision (c);

17          10.      That the Court assess a fine of not more than \$10,000 against each Non-Attorney  
18 Defendant for each violation of Civil Code section 2945.4, in an amount according to proof but  
19 not less than \$5 million, under the authority of Civil Code section 2945.7;

20          11.      That the Court assess a fine of not less than \$1,000 and not more than \$25,000  
21 against each Non-Attorney Defendant for each violation of Civil Code section 2945.45,  
22 subdivision(a), in an amount according to proof, but not less than \$25 million, under the authority  
23 of Civil Code 2945.45, subdivision (d);

24          12.      That the Court order each of the remedies provided in Business and Professions  
25 Code section 6126.5 for each act of the Non-Attorney Defendants that constituted a violation of  
26 Business and Profession Code sections 6125 and 6126, as alleged in the Second Cause of Action,  
27 including but not limited to:

28           (a)      Actual damages incurred by consumers in an amount proven at trial.

1 (b) Restitution of all amounts paid by consumers to Defendants, in an amount  
2 proven at trial.

3 (c) The payment of reasonable attorney's fees and costs that consumers may  
4 expend to rectify errors made by Defendants in their unlawful practice of law.

5 (d) Prejudgment interest at the legal rate from each consumer's date(s) of loss  
6 to the date of judgment.

7 13. That the Court assess a civil penalty of \$2,500 against each Attorney Defendant  
8 for each violation of Business and Professions Code section 17200, in an amount according to  
9 proof, under the authority of Business and Professions Code section 17206;

10 14. That the Court assess a civil penalty of \$2,500 against each Attorney Defendant  
11 for each violation of Business and Professions Code section 17200 perpetrated against a senior  
12 citizen or disabled person, in an amount according to proof, under the authority of Business and  
13 Professions Code section 17206.1;

14 15. That Plaintiff be awarded attorney's fees and exemplary damages pursuant to  
15 Business and Professions Code section 6126.5, subdivision (c);

16 16. That Plaintiff recovers its costs of suit, including costs of investigation; and


17 17. For such other and further relief that the Court deems just, proper, and equitable.

18 Dated: October 6, 2010

Respectfully Submitted,

19 EDMUND G. BROWN JR.  
20 Attorney General of California  
21 FRANCES T. GRUNDER  
22 Senior Assistant Attorney General  
23 KATHRIN SEARS  
24 Supervising Deputy Attorney General

24 By:

  
25 JOSEPH A. RAGAZZO  
26 Deputy Attorney General

26 Attorneys for Plaintiff  
27 THE PEOPLE OF THE STATE OF  
28 CALIFORNIA

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