



CLERK OF THE COURT

**COMPB**  
CATHERINE CORTEZ MASTO  
Attorney General  
BINU G. PALAL  
Deputy Attorney General  
Nevada Bar No. 010178  
555 E. Washington Avenue, #3900  
Las Vegas, Nevada 89101  
(702) 486-3128 ph / (702) 486-3283 fax  
E-mail: bpalal@ag.nv.gov  
Attorneys for Plaintiff, State of Nevada

**DISTRICT COURT  
CLARK COUNTY, NEVADA**

STATE OF NEVADA, )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
LENDER PROCESSING SERVICES, INC.; )  
FIDELITY NATIONAL INFORMATION )  
SERVICE, INC.; )  
LPS DEFAULT SOLUTIONS, INC.; )  
DOCX, LLC; DOES I-XX, )  
 )  
Defendants. )

CASE NO.: A - 11 - 653289 - B  
DEPT. NO.: XI

**BUSINESS COURT REQUESTED  
ARBITRATION EXEMPTION—  
Action in Equity**

**COMPLAINT**

**I. NATURE AND SUMMARY OF THE ACTION**

1. In October 2011, Nevada recorded the highest foreclosure rate in the country for the 58<sup>th</sup> straight month.<sup>1</sup> During the month of October 2011 alone, one out of every ninety-five homes in Nevada received a foreclosure notice.<sup>2</sup> Defendants' deceptive business practices caused many of these Nevada foreclosures to proceed under false pretenses.

2. Since at least 2007, Defendants Lender Processing Services, Inc., its predecessor Fidelity National Information Services, Inc., and by and through its subsidiaries including but not limited to DOCX, LLC and LPS Default Solutions, Inc. (collectively "LPS" or "Defendants"), have

<sup>1</sup> Nevada Leads the Nation in Foreclosures; Las Vegas Loses the Top Spot, Reno-Gazette Journal (Nov. 10, 2011), <http://www.rgj.com/article/20111110/BIZ/111110004/Nevada-leads-nation-foreclosures-Las-Vegas-loses-top-spot?odyssey=nav%7Chead>.

<sup>2</sup> One out of 82 Homes in Las Vegas received a foreclosure notice, KTNV (June 10, 2011), <http://www.ktnv.com/news/local/123615369.html>.

1 engaged in a pattern and practice of deceptive conduct that willfully misled consumers, courts,  
2 and the public, resulting in countless foreclosures that were predicated upon false, deceptive and  
3 deficient documents that LPS prepared and/or executed and included fees that were  
4 mischaracterized and deceptively passed on to consumers.

5 3. Specifically, LPS falsified, forged and/or fraudulently executed an unknown number  
6 of foreclosure-related documents in Nevada and across the country that: (1) LPS filed or knew  
7 would be filed in Nevada courts and/or with county recorders in Nevada; and/or (2) LPS knew  
8 would be provided to consumers; and/or (3) LPS transmitted to its mortgage servicer clients  
9 (“Servicers”). LPS knew these documents would be relied upon by homeowners, courts,  
10 attorneys and Servicers to pursue foreclosures on properties located in Nevada.

11 4. LPS concealed the fact that DOCX employees forged signatures on thousands of  
12 key mortgage documents by falsely representing that the problems involved only a clerical,  
13 notarization error.

14 5. Following the exposure of deceptive document execution practices at DOCX in  
15 Georgia, LPS then misrepresented that it had processes and internal controls in place at the LPS  
16 Default Solutions office in Minnesota to ensure that affidavits were signed properly and in  
17 accordance with industry standard. LPS senior executives expressly contradicted these  
18 representations in sworn court testimony.

19 6. LPS also improperly directs and/or controls the work of foreclosure attorneys in the  
20 LPS Network. LPS claims it is merely a technology provider and administrative middle-man,  
21 when in truth LPS handles core responsibilities traditionally in the purview of Servicers, including  
22 providing direction to foreclosure attorneys about how and when to proceed with various steps in  
23 the foreclosure process and obstructing communication between foreclosure firms and their  
24 Servicer-clients. In so doing, LPS masks and misrepresents its own role in the foreclosure  
25 process.

26 7. LPS charges foreclosure attorneys a substantial referral fee, amounting to a  
27 kickback, for every new foreclosure case. LPS allows these referral fees to be characterized  
28 deceptively as “attorney’s fees” or “trustee fees” on invoices transmitted through the LPS system

1 to Servicers. These deceptive fees ultimately are passed on to Nevada consumers and/or  
2 submitted to courts.

3 8. The foreclosure crisis has been fueled by two main problems: chaos and speed.  
4 LPS' business model is designed to take advantage of the former by increasing the latter. The  
5 faster LPS is able to process foreclosures – without regard to the accuracy of the documents or  
6 the integrity of the process – the more money LPS makes.

7 9. LPS is the nation's dominant provider of mortgage default services, processing  
8 more than fifty percent (50%) of all foreclosures annually.<sup>3</sup> As of 2010, default management  
9 services comprised the largest part of LPS' business, accounting for approximately forty-three  
10 percent (43%) of the company's total 2010 revenue of \$2.456 billion.<sup>4</sup>

11 10. LPS achieved its dominant market share by offering mortgage Servicers a product  
12 that is too good to be true – managing key aspects of the foreclosure process *for free*. LPS  
13 promises Servicers that it can reduce their costs, shorten foreclosure timelines, and allow  
14 Servicers to pass savings on to their own investor-clients. LPS compressed foreclosure  
15 timelines well beyond what industry standards required by forcing its own employees to churn  
16 out documents faster than anyone could review or verify them. LPS also forces foreclosure  
17 attorneys and trustees in the LPS Network to meet aggressive and arbitrary deadlines, resulting  
18 in a legal process that is riddled with inaccuracies.

19 11. At least a dozen state and federal law enforcement agencies have launched civil  
20 investigations of LPS' role in the foreclosure process. In addition to the Nevada Attorney  
21 General's Office, numerous other state Attorneys General are investigating LPS.

22 12. Indeed, on April 13, 2011 LPS entered into a Consent Order with the federal  
23 interagency investigation led by the Office of the Comptroller of Currency, the Board of  
24 Governors of the Federal Reserve, the Federal Deposit Insurance Commission, and the Office of  
25 Thrift Supervision.<sup>5</sup> Under the Consent Order, LPS is required to remediate improperly executed  
26 mortgage documents and to audit, monitor and correct its deficient default business practices.

27  
28 <sup>3</sup> Mark Basch, *The LPS Solutions*, Florida Times-Union, Mar. 13, 2011.

<sup>4</sup> *Id.*

<sup>5</sup> Ex. A.

1 13. On information and belief, LPS also has been the subject of criminal law  
2 enforcement investigations relating to its unlawful document execution practices.<sup>6</sup>

3 **A. Nevada Attorney General's Office Civil Investigation of LPS**

4 14. The Nevada Attorney General ("Attorney General" or "State") served LPS with a  
5 subpoena on October 15, 2010, notifying the company that it was under investigation for  
6 potential violations of the Nevada Deceptive Trade Practices Act, Nev. Rev. Stat. §§ 598, *et seq.*

7 15. In connection with its civil law enforcement investigation, the Attorney General  
8 reviewed extensive discovery related to LPS' business practices, interviewed former LPS  
9 employees and LPS' Servicer clients, and examined Nevada foreclosure records affected by  
10 LPS' deceptive conduct. The State's investigation uncovered evidence of serious misconduct by  
11 LPS at nearly every stage of the foreclosure process:

12 a. LPS misrepresented the authenticity, accuracy and validity of legal  
13 documents filed with courts or county recorders and/or transmitted to  
14 Servicers or consumers in connection with residential foreclosures in  
15 Nevada. This misconduct included forging signatures on at least tens of  
16 thousands of assignments of mortgage and fraudulently executing affidavits,  
17 substitutions of trustee and other mortgage documents in Nevada and  
18 across the country.

19 b. LPS misrepresented that it had internal controls and processes in place to  
20 ensure that the foreclosure-related documents it executed were accurate,  
21 reliable and legally valid. LPS then misrepresented the nature and scope of  
22 the foreclosure-related documents that it had fraudulently and/or  
23 erroneously executed.

24 ///

25 ///

26 ///

27  
28 <sup>6</sup> The Attorney General's Office has instituted a wall between this civil investigation and any and all criminal investigations or proceedings against named defendants and their known subsidiaries, including that which resulted in the indictment of three individuals who worked at LSI Title, a subsidiary of LPS.

1 c. LPS misrepresents the quality and characteristics of its services,  
2 fraudulently asserting that its role in the foreclosure process is limited to  
3 serving as a technology conduit between foreclosure firms and mortgage  
4 Servicers. In truth, LPS exerts hidden, undue and improper control over the  
5 foreclosure and bankruptcy processes and takes over many of the  
6 Servicers' and foreclosure attorneys' key duties and responsibilities.

7 d. LPS demands kickbacks from the foreclosure firms in the LPS "Network"  
8 and knows that LPS' Servicer clients pass on the cost of these kickbacks to  
9 Nevada consumers by deceptively labeling them as "attorney's fees" or  
10 "trustee fees" within the foreclosure file. In so doing, LPS violates Nevada  
11 law by misrepresenting the nature and source of the goods or services  
12 provided.

13 16. As a result of these acts, LPS played a critical role in the deceptive foreclosure  
14 practices that have harmed Nevada homeowners and burdened Nevada courts. Nevada  
15 consumers have paid the ultimate price, through bankruptcies, evictions and foreclosures that  
16 were predicated upon false, forged, fraudulent and/or inaccurate documents. Moreover,  
17 consumers have paid millions of dollars in hidden and deceptively labeled kickbacks and other  
18 fees that LPS charged and that LPS knew were and/or caused to be passed on to the consumer.

19 17. LPS engaged in systematic and egregious violations of the Nevada Deceptive  
20 Trade Practices Act ("DTPA"), Nev. Rev. Stat. §§ 598, *et seq.*, misleading Nevada consumers  
21 and courts about the nature and costs of the goods and services it provided and deceptively and  
22 improperly initiating and/or accelerating the processing of thousands of foreclosures on Nevada  
23 homes.

24 **II. PARTIES AND VENUE**

25 18. Plaintiff is the State of Nevada, *ex rel.* Catherine Cortez Masto, the Attorney  
26 General of Nevada, who is authorized to bring this action under the Nevada Deceptive Trade  
27 Practices Act, Nev. Rev. Stat. §§ 598, *et seq.*

1           19. Defendant Fidelity National Information Service, Inc. ("FIS") is a Georgia  
2 corporation with its principal place of business at 601 Riverside Avenue, Jacksonville, Florida,  
3 32204. FIS was the parent corporation of Lender Processing Services, Inc. until July 2, 2008.

4           20. Defendant Lender Processing Services, Inc. ("LPS, Inc.") is a Delaware corporation  
5 with its principal place of business at 601 Riverside Avenue, Jacksonville, Florida 32204. LPS,  
6 Inc. was incorporated in December 2007 as a wholly-owned subsidiary of FIS. On July 2, 2008,  
7 FIS completed the process of spinning off LPS, Inc. as a separate company.

8           21. At all times material to this Complaint, LPS, Inc. or FIS was doing business in the  
9 State of Nevada. LPS Default Solutions, Inc. and DOCX, LLC are subsidiaries of LPS, Inc. and  
10 were previously subsidiaries of FIS.

11           22. Defendant LPS Default Solutions, Inc. ("LPS Default Solutions") is a Delaware  
12 corporation that is a subsidiary of LPS. Its principal place of business is at 601 Riverside  
13 Avenue, Jacksonville, Florida 32204. At all times material to this Complaint, LPS Default  
14 Solutions or its predecessors were doing business in connection with mortgage loans in Nevada.  
15 Fidelity National Foreclosure Solutions and FIS Foreclosure Solutions, Inc. were predecessors of  
16 LPS Default Solutions. In October 2007, Fidelity National Foreclosure Solutions changed its  
17 name to FIS Foreclosure Solutions, Inc. FIS Foreclosure Solutions was renamed LPS Default  
18 Solutions, Inc. after LPS, Inc. was spun off from FIS in July 2008.

19           23. Defendant DOCX, LLC, a/k/a Document Solutions ("DOCX"), was a Georgia limited  
20 liability company and a subsidiary of LPS, Inc., with its principal place of business in Alpharetta,  
21 Georgia. DOCX closed in 2010.

22           24. DOES I-XX, unnamed subsidiaries of FIS and LPS, Inc., contributed to the  
23 misconduct alleged herein.

24           25. Venue is proper in the District Court of Clark County pursuant to the Nevada  
25 Deceptive Trade Practices Act, Nev. Rev. Stat. § 598.0989.

1 **III. LPS' BUSINESS MODEL**

2 26. LPS promotes itself as the nation's leading provider of mortgage processing  
3 services, settlement services, and default solutions.<sup>7</sup> Its clientele includes a majority of the  
4 country's 50 largest banks. LPS' default services revenue, the portion of LPS' business that  
5 includes foreclosure services, quadrupled from \$277.8 million in 2006 to more than \$1 billion of  
6 annual revenue in both 2009 and 2010.<sup>8</sup>

7 27. LPS gained a dominant position in the default management services arena through  
8 two technology platforms. LPS' Mortgage Servicing Package ("MSP") is a proprietary technology  
9 platform that allows Servicers to administer all aspects of loan servicing, including payment  
10 processing, customer service, investor reporting and even writing letters to consumers.<sup>9</sup> MSP is  
11 the leading loan servicing platform in the industry, supporting nearly half of all first mortgages  
12 and approximately 27 million loans overall.<sup>10</sup>

13 28. For servicing of mortgage loans in default (loans that are typically 60+ days  
14 delinquent), LPS offers a web-based platform called LPS Desktop ("Desktop"), which provides a  
15 step-by-step process for each task in the foreclosure process. Desktop automates and monitors  
16 deadlines associated with each task, and it tracks, time-stamps and permanently records all  
17 actions and communications taken with respect to that foreclosure. In addition, Desktop  
18 captures, organizes and stores information from foreclosure-related documents (such as notices  
19 of default, substitutions of trustee and assignments). Finally, Desktop generates and manages  
20 invoices sent by Network Firms to Servicers. Importantly, Desktop also tracks the Network  
21 Firms' compliance with LPS-imposed timelines for foreclosures.

22 29. As of 2010, the majority of the country's top 20 Servicers were using MSP, Desktop  
23 or both.

24 30. Through these technology platforms, LPS has been able to manage core aspects  
25 of the foreclosure process on behalf of its Servicer-clients. When a loan goes into default, it is

26 <sup>7</sup> Available at <http://www.lpsvcs.com/Pages/default.aspx> (last visited Dec. 11, 2011).

27 <sup>8</sup> Mark Basch, *The LPS Solutions*, Florida Times-Union, Mar. 13, 2011.

28 <sup>9</sup> *MSP: The Servicing Technology Leader*,  
<http://www.lpsvcs.com/Products/Mortgage/Servicing/ServicingPlatform/Pages/default.aspx> (last visited in Dec. 11, 2011).

<sup>10</sup> Lender Processing Services, Inc., Annual Report (Form 10-K) (Mar. 1, 2011).

1 coded for foreclosure on the Servicer's system, at which point Desktop automatically initiates a  
2 referral of the matter to a law firm or trustee company in the LPS network ("Network Firm").  
3 Desktop electronically transmits to the Network Firm a "referral package" that contains key  
4 documents and information from the Servicer (such as copies of the relevant note and mortgage  
5 and MSP screenshots showing the unpaid balance on the loan) to the Network Firm. Upon  
6 acceptance of the referral, LPS charges the Network Firm a referral or kickback fee, which LPS  
7 labels an "admin fee."

8 31. LPS provides its Servicer clientele with at least two other core services.

9 a. First, LPS monitors borrower loan files to ensure that the assigned Network  
10 Firm processes foreclosures within – or in many cases, faster than is  
11 required by – investors' foreclosure timelines. In this capacity, LPS has  
12 assigned itself responsibility for approving or rejecting requests by Network  
13 Firms for foreclosure deadline extensions and for responding to a range of  
14 other requests and questions submitted by the Network Firms. The Network  
15 Firms have little or no contact with their alleged clients, the Servicers.

16 b. Second, from at least 2006 through 2010, LPS executed various foreclosure  
17 and mortgage-related documents on behalf of its Servicer-clients.<sup>11</sup> These  
18 documents included assignments of mortgage, substitutions of trustee, lien  
19 releases and other mortgage documents that are needed to establish the  
20 lender's or Servicer's authority or standing to foreclose.

21 32. LPS' business model depends on Servicers agreeing to utilize foreclosure  
22 attorneys and trustees that were part of the LPS Network. LPS constructed its Network so that  
23 LPS itself – not the mortgage Servicer – serves as the exclusive gatekeeper for the foreclosure  
24 firms that want access to LPS' clientele and millions of dollars in foreclosure-related fees. LPS  
25 monetizes this powerful position by requiring these Network Firms to pay kickbacks to LPS to  
26 obtain foreclosure and foreclosure-related bankruptcy<sup>12</sup> work through the LPS Network.

27 <sup>11</sup> On information and belief, DOCX stopped executing documents in 2009 and LPS Default Solutions stopped  
28 executing documents in 2010.

<sup>12</sup> In addition to the foreclosure-related work, such as a motion for relief from stay, LPS also refers proofs of claim to Network Firms.



1           33. As set forth below, the Servicers outsourced core components of their business to  
2 a third-party vendor that lacked the controls and capabilities to ensure that foreclosures  
3 proceeded properly, honestly and lawfully.

4 **IV. LPS' DECEPTIVE DOCUMENT EXECUTION PRACTICES**

5           34. LPS reduced the document execution process to a high-speed, rote assembly line,  
6 where unskilled employees signed and executed thousands of documents every day. Many of  
7 these employees were hired through temp agencies. None received any meaningful training. All  
8 were told to sign or notarize documents and not to question whether the process was legitimate.

9           35. At DOCX in Georgia, senior management implemented a scheme that required  
10 approximately eight (8) to ten (10) temporary employees to forge signatures on thousands of  
11 documents every day. DOCX relied on the same temp agency to provide notaries, who were  
12 instructed by DOCX to improperly and fraudulently notarize thousands of documents every day.  
13 This widespread misconduct ultimately led to the shut-down of the company in 2010.

14           36. At the LPS Default Solutions office in Minnesota, the company established a  
15 document execution "production line" to execute as many documents as quickly as possible. But  
16 in the rush to execute documents – *and per LPS policies and procedures* – LPS employees who  
17 signed documents were not placed under oath, did not sign in presence of notaries, and/or did  
18 not have personal knowledge of the information to which they attested.

19 **A. Widespread Forgeries: DOCX Implements the "Surrogate Signing" Scheme**

20           37. Throughout at least 2009, DOCX employees forged and fraudulently notarized tens  
21 of thousands of mortgage-related documents. On information and belief, these documents  
22 included but were not limited to assignments of mortgage and lien releases. DOCX  
23 misrepresented the veracity and integrity of these documents to courts, county recorders,  
24 consumers, and even its own Servicer-clients. LPS was well aware that Servicers and courts  
25 relied on these documents to foreclose on homes in Nevada.

26           38. Defendants devised and then concealed their forgery scheme. First, DOCX took  
27 advantage of a process that was already in place – that some Servicers had granted specific  
28 DOCX employees limited authority to execute documents on the Servicer's behalf. The

1 Servicers granted this authority by designating certain DOCX employees as “Special Officers” –  
2 either Vice Presidents or Assistant Secretaries – of the Servicer. These Special Officers were  
3 “authorized signers” for the Servicer.

4 39. By 2009 or earlier, the “authorized signers” could not keep pace with the massive  
5 quantity of documents DOCX had agreed to prepare and execute. Rather than lose business or  
6 reduce profits, DOCX’s senior leadership, led by its President Lorraine Brown, devised and  
7 implemented a scheme to fraudulently expand the company’s power to sign these documents.  
8 DOCX euphemistically called the practice “surrogate signing,” but a more accurate description is  
9 forgery.

10 40. Specifically, DOCX implemented a policy that authorized the use of forged  
11 signatures on mortgage documents. LPS even invented an official form, called the [REDACTED]  
12 [REDACTED].”<sup>13</sup> The company required the “authorized signer” and  
13 the corresponding “surrogate signer” (forger) to sign the [REDACTED]  
14 [REDACTED] to make the practice seem legitimate. On information and belief, DOCX did not  
15 seek or receive permission from its Servicer client for this forging scheme and, in fact, it appears  
16 that DOCX and later LPS concealed this scheme from the Servicers.

17 41. American Home Mortgage Services, Inc. (“AHMSI”) recently filed a lawsuit against  
18 LPS and DOCX, Cause No. 11-10440 (Dist. Ct. Dallas Co.), alleging that DOCX forged over  
19 30,000 assignments of mortgage on AHMSI’s behalf, and that LPS then tried to conceal this  
20 scheme.

21 42. AHMSI alleges that these forgeries took place throughout 2009 and affected  
22 assignments that were filed with county recorders throughout the country. The Attorney  
23 General’s investigation revealed that at least 876 AHMSI assignments were filed in Nevada.

24 43. As alleged in its lawsuit, AHSMI became aware of the widespread forgeries only  
25 after LPS attempted to get AHMSI to authorize the forgery policy retroactively.

26 ///

27 ///

28  

---

<sup>13</sup> Ex. B.

1 44. LPS proposed changes to the existing corporate resolution included language  
2 authorizing “all actions previously taken by the officers hereby appointed,” and “***all actions***  
3 ***previously taken*** by the foregoing officers ***and/or their designees***.”<sup>14</sup> (Emphases added).

4 45. AHMSI’s board of directors rejected the new language. As alleged in the AHMSI  
5 lawsuit, it was only after failing to obtain approval for the new language that LPS disclosed to  
6 AHMSI that DOCX had forged signatures of the “authorized signers” on at least 30,000  
7 documents.

8 46. On information and belief, DOCX similarly forged signatures on thousands of  
9 assignments of mortgage for at least one other Servicer, Saxon Mortgage Services, Inc.  
10 (“Saxon”). The Attorney General’s law enforcement investigation revealed that DOCX forged  
11 signatures of the “authorized signers” on at least 4,322 documents on behalf of Saxon; at least  
12 111 of these documents were filed with county recorders in Nevada.

13 47. On information and belief, DOCX forged signatures on thousands of other  
14 mortgage-related documents relating to Nevada properties.

15 48. LPS shut down its DOCX operation in Georgia in 2010, following extensive media  
16 attention about its widespread practice of forging foreclosure-related documents.

17 49. The assignments that DOCX forged caused direct and grievous harm to Nevada  
18 consumers whose foreclosures were tainted by fraudulent documentation that failed to establish  
19 that the Servicer had the authority to foreclose.

20 50. The forgery rendered DOCX assignments deceptive. The surrogate signers did not  
21 have the Servicers’ authority to sign their own names, and presenting themselves as the  
22 “authorized signers” heightened, rather than cured, the problem. Thus, both the identity of the  
23 actual signers and the representation of the assignments as valid were false.

24 51. DOCX tried to give its “surrogate signing” policy the appearance of legitimacy by  
25 inventing the “Surrogate Signing” form, which purported to grant the “surrogate signer” authority  
26 akin to a power-of-attorney. A power of attorney, however, involves the signatory signing his or  
27

---

28 <sup>14</sup> Ex. C, Nov. 12, 2009 E-mail from S. Newman of LPS, Inc. to Norton Wells at AHMSI, attaching proposed corporate resolution.

1 her *own name, on behalf of* the authorized signer. By contrast, DOCX's scheme required the  
2 "surrogate" to *forge the name of the authorized signer*. On information and belief, LPS  
3 concealed this deceptive practice from the public, the courts, and its Servicer-clients.

#### 4 **1. DOCX Employees Confirm and Condemn the Forgery Scheme**

5 52. DOCX relied on unskilled, temporary employees to forge signatures on countless,  
6 critical mortgage documents. The Attorney General's Office interviewed former employees and  
7 discovered disturbing evidence of widespread fraud.

8 53. Confidential Witness #1 was one of the "surrogate signers" hired through the temp  
9 agency, Manpower. It is Confidential Witness #1's understanding that all of the "surrogate  
10 signers" – and also all of the notaries – who worked in the Signing Room at DOCX were hired  
11 through temp agencies.

12 54. At the time she was hired, Confidential Witness #1 was 18-years old, with a high-  
13 school education. She was paid \$11 / hour.

14 55. When she began working at DOCX, manager Jeffrey Baldwin told Confidential  
15 Witness #1 that her "job was to forge somebody else's signature on documents." Confidential  
16 Witness #1 signed a DOCX form that purported to authorize her to forge the signature of Christie  
17 Baldwin, an "authorized signer."

18 56. As a surrogate signer, Confidential Witness #1 received "no training or written  
19 instructions about [her] job duties." When she asked what documents she would be responsible  
20 for signing, manager Jeffrey Baldwin told her "not to worry about the documents and not to read  
21 the documents . . . just sign the documents as fast as" she could.

22 57. The "surrogate signers" sat together at two tables in the Signing Room, where they  
23 forged signatures on mortgage documents day in and day out throughout 2009.

24 58. Confidential Witness #1 estimates that she forged the signature of "authorized  
25 signer" Christie Baldwin on approximately 2,000 documents every work day for a period of  
26 months.

1           59. Other former DOCX employees had similar experiences. Confidential Witness #2  
2 was also hired as a temporary employee through Manpower. Similar to Confidential Witness #1,  
3 he was paid \$10 / hour and had only a high school diploma.

4           60. Confidential Witness #2's job was to forge the signature of "authorized signer"  
5 Linda Green on thousands of documents each day. Like Confidential Witness #1, Confidential  
6 Witness #2 received no training and no explanation about the documents he would be signing.

7           61. Confidential Witness #2 remembered signing a DOCX form that purported to  
8 authorize him to forge Linda Green's signature. He also recalled that, "after awhile, the company  
9 got real loose with its policies and [he] was told to [sign for] Brent Bagley also," even though he  
10 had not signed any DOCX forms in connection with Brent Bagley.

11           62. Confidential Witness #2 estimates that he signed up to 4,000 or 5,000 documents  
12 each work day throughout 2009 as a "surrogate signer."

13           63. When the Signing Room was especially busy, Confidential Witness #2 recalled that  
14 the notaries sometimes "*notarized documents even before [he] signed Linda Green's name on*  
15 *them.*" He remembers that one of the notaries "questioned [manager] Jeffrey Baldwin about this,  
16 asking how she could be certain that a document that she '*pre-notarized*' would even be signed."  
17 Confidential Witness #2 recalls that Mr. Baldwin offered no explanation and "just told her to go  
18 ahead and notarize the documents."

19           64. Even more disturbing is Confidential Witness #2's account of the day an executive  
20 from one of the Servicers toured the DOCX facility. Before visiting the Signing Room, senior  
21 manager Renee Gaglione told everyone in the Signing Room "*to lie and tell [the bank executive]*  
22 *that [they] were signing [their] own names instead of signing the names of other people.*"

23           65. Confidential Witness #2 also remembers working with at least one "surrogate  
24 signer" whose could not speak or understand English very well. He doesn't believe "she could  
25 read English very well [either], but since reading documents was not part of [the] job, it didn't  
26 matter."

27           66. Both Confidential Witnesses #1 and #2 feel "lied to" and "taken advantage" of by  
28 DOCX. They each remember trying to ask questions about the legitimacy of the surrogate

1 signing policy, and they each recall that DOCX managers repeatedly provided assurances that  
2 the practice was “legal and above-board.”

3 67. DOCX “surrogate signers” mechanically forged signatures on thousands of  
4 documents, day after day, month after month. Their supervisors provided no training and no  
5 answers to questions; they just told them to sign more and to sign faster. Servicers relied on  
6 these fraudulent documents to foreclose on thousands of homeowners, including homeowners in  
7 Nevada.

## 8 2. The Notarization Process Was Equally Fraudulent and Deceptive

9 68. DOCX multiplied the deception in its document execution practices by fraudulently  
10 notarizing the forged documents. The notarizations falsely attested that the person whose  
11 signature appeared on the document “personally appeared” before the DOCX notary, when in  
12 fact the signature had been forged by a “surrogate” signer.

13 69. Confidential Witness #1 later worked as a DOCX notary (still as a temporary  
14 employee through Manpower). DOCX provided no training about the duties and obligations of a  
15 notary. In fact, she described the notarization process at DOCX as “almost exactly the same as  
16 ‘surrogate’ signing, except that, instead of signing documents I was notarizing them.” The  
17 notaries worked in the Signing Room with the “surrogate signers,” notarizing thousands of  
18 documents every day.

19 70. Confidential Witness #1 states that it “is possible that [she] actually notarized  
20 documents that [she] had signed as a ‘surrogate.’” This is possible because [she] was signing  
21 her own name as a notary, but forging someone else’s name as a “surrogate signer.”

22 71. She and other notaries “regularly notarized documents when the person signing  
23 the document wasn’t in the same room as her” and she and other notaries regularly notarized  
24 documents signed by “surrogates.”

25 72. Both of the actions constitute deceptive practices, because notaries represent that  
26 they have notarized documents in the presence of the signatories and also that that the  
27 signatories are signing their own names.

28

1           73.     Manager Jeffrey Baldwin told Confidential Witness #1 that the “only difference”  
2 between [her] job as a notary and [her] job . . . as a ‘surrogate’ signer was that [she] would be  
3 signing [her] own name as a notary and that now [she] had ‘a stamp.’”

4           74.     Mr. Baldwin gave Confidential Witness #1 the same instructions for notarizing as  
5 he did for “surrogate” signing: “don’t take the time to read the document.” Confidential Witness  
6 #1 states that, “in fact, there would have been no way to [notarize the required number] of  
7 documents every day if [she] tried to read the documents – there was nowhere near enough  
8 time.”

9           75.     Confidential Witness #2 recalls that Mr. Baldwin required the notaries to notarize a  
10 minimum of “250 documents an hour,” or about 2,000 notarizations per day per notary.

11          76.     Confidential Witness #1 told the State that she learned about the proper way to  
12 notarize documents, “in the presence of the person signing . . . [his or her] own name,” only after  
13 leaving DOCX. She believes that DOCX took advantage of her and other workers by  
14 misrepresenting that the document execution practices were legitimate.

15          77.     The fraudulent notarization is evident in one of the assignments DOCX forged on  
16 AHMSI’s behalf in which the DOCX notary falsely attests that Linda Green appeared and  
17 executed the assignment before her, when in fact the assignment had been forged by a  
18 “surrogate” signer.<sup>15</sup> DOCX filed this assignment with the Clark County Recorder’s Office in  
19 Nevada on February 27, 2009.

20          78.     DOCX publicly recorded these forged and fraudulently notarized assignments with  
21 county recorders in Nevada and throughout the country. These documents also were submitted  
22 to courts and/or transmitted to Servicers and/or relied upon to prove the Servicer’s standing to  
23 foreclosure in court-supervised foreclosures in Nevada.

24          79.     By willfully executing and recording forged and fraudulently notarized assignments,  
25 LPS (through DOCX) engaged in deceptive practices that violate several provisions of the  
26 Nevada Deceptive Trade Practices Act, including but not limited to Nev. Rev. Stat. § 598.0915(2)  
27 (“[k]nowingly makes a false representation as to the source, sponsorship, approval or

---

28 <sup>15</sup> Ex. D.

1 certification of goods or services for sale or lease”); and/or § 598.0915(3) (“[k]nowingly make a  
2 false representation as to affiliation, connection, association with or certification by another  
3 person”); and/or § 598.0915(5) (“[k]nowingly makes a . . . false representation as to the  
4 sponsorship, approval, status, affiliation or connection of a person therewith”); and/or §  
5 598.0915(15), (“[k]nowingly makes any other false representation in a transaction”). LPS also  
6 violated Nev. Rev. Stat. § 598.092(8), which prohibits “[k]nowingly misrepresent[ing] the legal  
7 rights, obligations or remedies of a party to a transaction,” by misrepresenting or creating a  
8 misrepresentation that the foreclosing entity actually had the legal or statutory authority to  
9 foreclose.

10 **B. LPS Default Solutions in Minnesota: More Evidence of Deceptive Document**  
11 **Execution Practices**

12 80. LPS’ deceptive document execution practices were not limited to the institutional  
13 misconduct at DOCX. At Default Solutions in Minnesota, LPS executed tens of thousands of  
14 deceptive and defective assignments, affidavits, substitutions of trustee and other mortgage  
15 documents.

16 81. LPS has asserted that its Minnesota operation stopped executing affidavits in mid-  
17 2008 and that it stopped executing all other documents in 2010. Prior to ending its document  
18 execution service, however, LPS spent years executing countless documents that contained  
19 critical misrepresentations, including but not limited to: false assertions that the affiant or  
20 declarant had personal knowledge of the facts in the affidavit or declaration, false assertions  
21 about which entity was authorized to foreclose, and false assertions about whether the consumer  
22 was delinquent on a loan payment.

23 82. Nevada law requires that the aforementioned mortgage documents be in place to  
24 lawfully proceed with a foreclosure.

25 a. Assignments of the deed of trust may be required to show that the Servicer  
26 has established the proper chain of title and authority to foreclose.

27 b. If, as is often the case, the entity processing the foreclosure is not the  
28 beneficiary or trustee identified in the original deed of trust, the Servicer



1 must execute an additional document, called a "substitution of trustee," to  
2 establish that the entity processing the non-judicial foreclosure is authorized  
3 to do so.

4 c. Default affidavits and/or declarations are accepted by courts in lieu of live  
5 testimony to establish that the lender or Servicer is the holder of the secured  
6 claim and that the borrower has defaulted on post-bankruptcy petition  
7 payments in order to foreclose during bankruptcy.

8 83. As demonstrated below, LPS' deceptive document execution practices resulted in  
9 false, fraudulent and/or erroneous assignments, substitutions of trustee, default affidavits and/or  
10 other mortgage documents. On information and belief, Servicers relied on these faulty  
11 documents to foreclose on Nevada homeowners.

12 84. Moreover, even once its conduct became known, LPS failed to correct its  
13 misleading documents, substitute documents that were honest and valid, and to notify courts,  
14 county recorders, and consumers of its practices.

15 **1. LPS' Minnesota Office Engaged in Widespread Robo-Signing of**  
16 **Deceptive Affidavits, Assignments and Other Mortgage Documents**

17 85. LPS' Minnesota office mass-produced affidavits, assignments, substitutions of  
18 trustee and other mortgage documents that were fraudulently notarized and contained other  
19 false and/or erroneous representations.

20 86. LPS' Minnesota office generated these mortgage documents using what one news  
21 article described as "Henry Ford [] mass-production techniques." In an internal newsletter, LPS  
22 boasted that the company's "Document Execution" team was "set up like a production line" to  
23 resolve each document request within 24 hours and sign at least 1,000 documents a day.

24 87. According to Confidential Witness #3, a former supervisor of the Document  
25 Execution team in Minnesota, LPS actually executed closer to 1,500 documents a day.

26 88. Confidential Witness #4 is a former LPS employee who worked as part of the  
27 Document Execution Team at LPS' Minnesota office. Her job was to gather documents from the  
28 printer, sort them, and then take them to the LPS employees who signed the documents.

1 According to Confidential Witness # 4, LPS employees who signed documents did not read or  
2 review these documents prior to executing them and did not sign them in the presence of a  
3 notary (or a witness, when required).

4 89. The deficiencies in the Minnesota document execution operation described by  
5 Confidential Witness #4 mirror the deceptive conduct found at DOCX in Georgia. Specifically,  
6 LPS employees in Minnesota executed documents falsely representing that:

- 7 a. The document had been executed in the presence of a notary (when it had  
8 not); and/or
- 9 b. The document had been executed in the presence of a witness (when it had  
10 not); and/or
- 11 c. The employee signing the document was under oath at the time of  
12 execution, (when s/he was not); and/or
- 13 d. They possessed personal knowledge of the facts to which the document  
14 attested (when the employees either did not review the document to know  
15 whether the information contained therein was accurate and/or did not  
16 possess the requisite personal knowledge necessary to attest to the  
17 accuracy of the information in the document).

18 90. On information and belief, these deceptive practices were systemic, widespread  
19 and authorized by LPS leadership and affected assignments, substitutions of trustee, affidavits  
20 and other mortgage documents utilized in connection with Nevada foreclosures. LPS  
21 transmitted these deceptive documents to the Servicers, and on information and belief, Servicers  
22 relied on them to proceed with foreclosures in Nevada.

23 91. As part of its investigation, the Attorney General located a number of assignments  
24 that were recorded with county recorders' offices in Nevada.<sup>16</sup> LPS' fraudulent notarization  
25 practices are evident on the face of this exemplar assignment: even though the assignment  
26 represents that the LPS employee signed the document in the presence of a notary, notarization  
27 occurred on February 6, 2009, six weeks after the execution date of December 25, 2008.

---

28 <sup>16</sup> See, e.g., Ex. E.

1           92.    The State discovered the same date discrepancy and deception in connection with  
2 substitutions of trustee.<sup>17</sup>

3           93.    In sworn court testimony in a bankruptcy case involving an affidavit executed by  
4 LPS that falsely represented that the borrowers had defaulted,<sup>18</sup> senior LPS officials admitted  
5 that ***it was company policy*** for LPS employees who executed default affidavits to: (a) falsely  
6 represent that they had personal knowledge that the Servicer was the holder of the secured  
7 claim; and (b) execute the affidavits without being under oath or in the presence of a notary and  
8 witness.<sup>19</sup>

9           94.    In addition, based on testimony from these senior LPS officials, the court in *Wilson*  
10 found that LPS policies and procedures provided an inadequate basis for LPS employees to  
11 attest that they have personal knowledge of borrowers' payment history (and resulted in the  
12 erroneous default affidavit in that case).

13           95.    On information and belief, these company policies and procedures affected default  
14 affidavits and other mortgage documents that were relied upon by Servicers in connection with  
15 Nevada foreclosure proceedings.

16           96.    The aforementioned misrepresentations regarding assignments, substitutions of  
17 trustee, default affidavits and other mortgage documents that were filed with courts and/or  
18 county recorders in Nevada and/or transmitted to Servicers and/or consumers in connection with  
19 Nevada loans violate numerous provisions of the Nevada Deceptive Trade Practices Act,  
20 including but not limited to Nev. Rev. Stat. § 598.0915(2) (“[k]nowingly makes a false  
21 representation as to the source, sponsorship, approval or certification of goods or services for  
22 sale or lease”); and/or § 598.0915(3) (“[k]nowingly make a false representation as to affiliation,  
23 connection, association with or certification by another person”); and/or § 598.0915(15),  
24 (“[k]nowingly makes any other false representation in a transaction”).

25           97.    LPS also violated Nev. Rev. Stat. § 598.092(8), which prohibits “[k]nowingly  
26 misrepresent[ing] the legal rights, obligations or remedies of a party to a transaction,” by

27  
28 <sup>17</sup> See, e.g., Ex. F (notarization occurred several weeks after execution).

<sup>18</sup> *In re Wilson*, Case No. 07-11862 (Bankr. E.D. La.)

<sup>19</sup> See Ex. G, Excerpts of testimony from Dec. 1, 2010 hearing in *Wilson* at 246:2-248:8; 336:5-337:20, 342:3-25.

1 misrepresenting or creating a misrepresentation that the foreclosing entity actually had the legal  
2 or statutory authority to foreclose.

### 3           **2.       LPS Improperly Executed Documents on Behalf of Defunct Entities**

4           98.    On information and belief, LPS executed assignments and other mortgage  
5 documents on behalf of entities that had gone out of business.

6           99.    On information and belief, LPS lacked the authority to execute these mortgage  
7 documents on behalf of defunct entities because the entities had not authorized and/or could no  
8 longer authorize LPS to execute documents on their behalf. On information and belief, Servicers  
9 relied on these documents to foreclose on Nevada homeowners.

10          100.   In so doing, LPS knowingly violated numerous provisions of the Nevada Deceptive  
11 Trade Practices Act, including but not limited to Nev. Rev. Stat. § 598.0915(2) (“[k]nowingly  
12 makes a false representation as to the source, sponsorship, approval or certification of goods or  
13 services for sale or lease”); and/or § 598.0915(3) (“[k]nowingly make a false representation as to  
14 affiliation, connection, association with or certification by another person”); and/or §  
15 598.0915(15) (“knowingly make any other false representation in a transaction”) and/or §  
16 598.092(8) (“knowingly misrepresent the legal rights, obligations or remedies of a party to a  
17 transaction”).

18          101.   Because these entities were defunct, they had no servicing rights or ownership  
19 over the mortgages and/or did not have the ability to authorize LPS employees to sign  
20 documents as “Special Officers” on their behalf. Thus, LPS lacked the authority to execute  
21 documents on behalf of these entities.

22          102.   For example, Reuters conducted an investigation that found that LPS employees  
23 signed assignments on behalf of Encore Credit Corporation in January 2010, even though that  
24 company had been defunct since 2008.<sup>20</sup> The report also uncovered assignments executed by  
25 LPS on behalf of American Brokers Conduit after that company had been liquidated in  
26 bankruptcy, and for Sand Canyon Corporation well after it exited the mortgage business.

27  
28  

---

<sup>20</sup> Scott Paltrow, *Special Report: Legal Woes Mount for a Foreclosure Kingpin*, Reuters, Dec. 6, 2010.

1 103. On information and belief, LPS executed assignments, substitutions of trustee  
2 and/or other mortgage documents on behalf of defunct entities that were sent to Servicers and  
3 were filed with county recorders in Nevada.

4 **C. LPS Made Deceptive Statements to the Public and Investors about Its**  
5 **Document Execution Practices**

6 104. LPS made deceptive statements to the public, shareholders and Servicers in an  
7 effort to conceal and minimize the extent of the Company's document execution fraud.

8 105. In addition to the examples already described, LPS made statements in public  
9 filings with the Securities and Exchange Commission and/or in news releases that: (1)  
10 misrepresented the forgery ("surrogate" signing) scheme at DOCX as a mere "notarization error";  
11 and/or (2) misrepresented that the company had internal controls and processes in place at its  
12 Minnesota facility to properly execute affidavits.

13 106. As noted earlier, the forgery scheme at DOCX involved much more than a mere  
14 "notarization error" or a "potential error in processes." Despite these facts, LPS represented:

- 15 a. In its 2009 10-K filed with the Securities and Exchange Commission ("SEC")  
16 and published on LPS' website: "[W]e identified a business process that  
17 caused an **error in the notarization** of certain documents, some of which  
18 were used in foreclosure proceedings in various jurisdictions around the  
19 country."<sup>21</sup> (Emphasis added).
- 20 b. In an April 5, 2010 news release posted on the LPS website: "As indicated in  
21 LPS' most recent Form 10-K, filed in February 2010, LPS reported that  
22 during an internal review of the business processes used by its document  
23 solutions subsidiary, the Company identified a business process that caused  
24 an **error in the notarization** of certain documents, some of which were  
25

26  
27  
28 <sup>21</sup> Lender Processing Services, Inc., Annual Report (Form 10-K) (Feb. 23, 2010), available at <http://phx.corporate-ir.net/phoenix.zhtml?c=222167&p=IROL-secToc&TOC=aHR0cDovL2lyLmludC53ZXN0bGF3YnVzaW5lc3MuY29tL2RvY3VtZW50L3YxLzAwMDA5NTAxMjMtMTAtMDE1NTk5L3RvYy9wYWdl&ListAll=1>.

1 used in foreclosure proceedings in various jurisdictions around the  
2 country.”<sup>22</sup> (Emphasis added).

3 c. In its 2010 10-K filed with the SEC and published on LPS’ website: “We  
4 have discovered, during our own internal reviews, potential issues related to  
5 some of these [document execution] practices which may cause the validity  
6 of certain documents used in foreclosure proceedings to be challenged.  
7 However, we are not aware of any person who was wrongfully foreclosed  
8 upon as a result of a **potential error in the processes** used by our  
9 employees.”<sup>23</sup> (Emphasis added).

10 107. LPS’ deceptive description of its document execution flaws made it appear that its  
11 practices were the result of a mere oversight or mistake, and not an institutional policy to  
12 fraudulently sign and notarize these documents. It also created the misimpression that the  
13 documented practices were isolated, rather than widespread and systematic. Furthermore, LPS’  
14 description was deceptive because it inaccurately stated that the problems were limited to issues  
15 involving the notarization of documents.

16 108. LPS made similar misrepresentations to AHMSI, and on information and belief,  
17 also to Saxon and other Servicers: “DOCX, LLC advised AHMSI that due to a change in  
18 business process relating to the execution of Assignments of Mortgage on behalf of AHMSI,  
19 certain Assignments of Mortgage contained a **notarization error**.”<sup>24</sup> (Emphasis added).

20 109. In an October 4, 2010 news release published on its website, LPS also  
21 misrepresented that its Minnesota operations had proper controls in place and followed industry  
22 practice when it executed affidavits: “When LPS performed this service, affidavits were prepared  
23 and provided by the lenders’ or servicers’ attorneys. These affidavits were then executed by LPS  
24 consistent with industry practice, under corporate resolution. LPS had processes in place to

25 ///

26  
27 <sup>22</sup> Available at <http://phx.corporate-ir.net/phoenix.zhtml?c=222167&p=irol-SECText&TEXT=aHR0cDovL2lyLmludC53ZXN0bGF3YnVzaW5lc3MuY29tL2RvY3VtZW50L3YxLzAwMDA5NTAxMjMtMTUyMDIwNDgzL3htbA%3d%3d> (last visited Dec. 11, 2011).

28 <sup>23</sup> Lender Processing Services, Inc., Annual Report (Form 10-K) (Mar. 1, 2011), available at:  
<http://www.lpsvcs.com/LPSCorporateInformation/NewsRoom/Pages/20100405.aspx>.

<sup>24</sup> Ex. H, May 19, 2010 Letter from LPS to AHMSI.

1 ensure the information in the affidavits was validated and that the affidavits were signed  
2 properly.”<sup>25</sup>

3 110. In fact, LPS knew – as its Vice President Scott Walter admitted in sworn testimony  
4 – that LPS’ company policies resulted in affidavits that were fraudulently notarized and that  
5 falsely represented that the LPS employee signing the affidavit had personal knowledge of the  
6 facts to which they attested.<sup>26</sup>

7 111. On information and belief, LPS made additional, deceptive statements about its  
8 document execution practices and, on information and belief, these misrepresentations affected  
9 Nevada consumers and/or foreclosures in Nevada.

10 112. The aforementioned misrepresentations are deceptive within the meaning of the  
11 Nevada Deceptive Trade Practices Act because LPS misled investors and the public: (1) about  
12 the nature and extent of the document problems at DOCX; and (2) that LPS put internal controls  
13 and processes in place at its Minnesota facility to execute affidavits properly.

14 113. In so doing, LPS knowingly violated numerous provisions of the Nevada Deceptive  
15 Trade Practices Act, including but not limited to Nev. Rev. Stat. § 598.0915(5) (“knowingly  
16 make[] a false representation as to the characteristics . . . of goods or services for sale or  
17 lease”); and/or § 598.0915(7) (“represents that goods or services for sale or lease are of a  
18 particular standard, quality or grade”); and/or § 598.0915(9) (“[a]dvertise[] goods or services with  
19 the intent not to sell or lease them as advertised”).

20 114. In addition, LPS’ misrepresentations to investors in the Company’s 2009 and 2010  
21 10-Ks filed with the SEC violated Nev. Rev. Stat. § 598.092(5)(c) (“Advertises or offers an  
22 opportunity for investment and . . . makes any untrue statement of a material fact or omits to  
23 state a material act which is necessary to make another statement, considering the  
24 circumstances under which it is made, not misleading”).

25  
26  
27  
28 <sup>25</sup> Available at <http://www.lpsvcs.com/LPSCorporateInformation/NewsRoom/Pages/20101004.aspx> (last visited Dec.  
11, 2011).

<sup>26</sup> See Ex. G.

1 **V. LPS MISREPRESENTS ITS ROLE AND SERVICES BY UNLAWFULLY DIRECTING**  
2 **THE WORK OF NETWORK ATTORNEYS**

3 115. LPS knowingly misrepresents that the services it provides are merely  
4 administrative support and technological in nature, when in fact LPS controls key aspects of the  
5 foreclosure process, including the direction and supervision of foreclosure counsel (Network  
6 Firms).

7 116. The LPS website states that it provides “administrative support services to  
8 mortgage servicers and attorneys nationwide.”<sup>27</sup> In its 2010 10-K filing, LPS states: “We offer  
9 lenders, servicers and their attorneys *certain administrative and support services* in connection  
10 with managing foreclosures.”<sup>28</sup> (Emphasis added).

11 117. In truth, LPS exerts significant and substantive control over the foreclosure  
12 process by:

- 13 a. Implementing and enforcing unreasonable deadlines on Network Firms  
14 (who risk the loss of future LPS foreclosure referrals if they do not comply);
- 15 b. Obstructing and/or prohibiting direct communications between Network  
16 Firms and their Servicer-clients;
- 17 c. Insisting on contract language that improperly limits the attorneys’  
18 professional judgment and/or autonomy; and
- 19 d. Directing and/or controlling Network Firms in connection with decisions  
20 about whether, when and how to proceed with foreclosures and other legal  
21 matters.

22 118. On information and belief, this conduct occurred in connection with Nevada  
23 borrowers and violates the Nevada Deceptive Trade Practices Act because: (a) it materially  
24 misrepresents LPS’ role and the services it provides; and (b) LPS exerted such direction and/or  
25 control over the Network Firms that its conduct is tantamount to practicing law without a license.  
26  
27

28 <sup>27</sup> Available at <http://www.lpsvcs.com/Products/Mortgage/Default/BankruptcyandForeclosure/Pages/default.aspx>  
(last visited on Dec. 11, 2011).

<sup>28</sup> See *supra* note 23.



1 119. LPS' interactions with its Network Firms reflect the same problematic pressures,  
2 incentives and assembly-line culture that caused LPS to take improper and deceptive shortcuts  
3 in its document execution practices. As with its document execution practices, LPS' supervision  
4 of foreclosure attorneys undermines the integrity of the foreclosure process in Nevada,  
5 sacrificing accuracy and honesty for speed.

6  
7 **A. LPS' Foreclosure Timelines Undermine the Integrity and Accuracy of Work by  
8 Network Firms**

9 120. LPS imposes aggressive timelines that undercut the Network Firms' ability to  
10 exercise professional judgment and ensure that foreclosure-related filings are accurate and  
11 legally valid, which in some cases, has caused Network Firms and Servicers to pursue  
12 foreclosures where borrowers have not defaulted or where Servicers lacked the lawful standing  
13 or authority to foreclose.

14 121. On information and belief, LPS did not follow industry standards for foreclosure  
15 timelines. Rather, LPS imposed its own, arbitrary and much more aggressive timelines, for the  
16 purpose of maximizing profits and expanding its clientele. This press for speed helped turn  
17 many foreclosure firms into mills that churned foreclosures without regard to the accuracy or  
18 legality of their actions.

19 122. Former Fidelity Vice President, Lynn McNamee, applauded LPS' success at  
20 "compress[ing] timeframes in every stage of both Bankruptcy and Foreclosure actions" to a  
21 greater degree than required under the Government Sponsored Enterprises ("GSE") timelines  
22 that are the widely accepted industry standard. In an internal newsletter, using the example of a  
23 "first legal," she explained how LPS pushes firms to complete foreclosure actions far quicker  
24 than the industry standard:

25 Generally, the industry looks at completing a first legal within 30 days. If  
26 we have a state where first legals can be completed in an average of 3  
27 days, we don't want to wait until the 30<sup>th</sup> day to see if first legal is  
28 complete. We prefer to look at that file on day 4, checking with the firm to  
ensure they have what they need; thus, the invention of "sludge." It has  
done wonders for the compression of timelines.<sup>29</sup>

---

<sup>29</sup> Ex. I.

1 123. LPS also developed a Network Firm grading system, called the Attorney  
2 Performance Report (“APR”), to enforce its aggressive timelines. The APR measures the  
3 volume and speed of the foreclosures handled by each Network Firm.

4 124. Notably, the APR *does not contain a metric for measuring the quality or accuracy*  
5 *of the Network Firms’ work product. Scores are based solely on Firms’ speed and volume.*

6 125. LPS regularly provides the Servicers and Network Firms with copies of the APRs,  
7 which compare the performance of Network Firms to one another.

8 126. The APRs assign one of three grades – Green, Yellow or Red. Generally, a  
9 “Green” score means the Network Firm has complied with LPS-imposed timelines; “Yellow”  
10 means the Firm needs to work faster; and “Red” is a failing grade. Red means that the Network  
11 Firm is in danger of losing access to future referrals because its work is too slow.

12 127. On information and belief, LPS removes firms that stay in the “Red” zone from the  
13 Network. As such, Network Firms face enormous pressure to do whatever is necessary to avoid  
14 being kicked out of the Network and lose access to referrals from the nation’s largest provider of  
15 default services and its Servicer clientele.

16 128. LPS employs a team of “Attorney Management” personnel who are responsible for  
17 enforcing compliance with LPS-imposed foreclosure timelines. Confidential Witness #3, a former  
18 supervisor in the Attorney Management team, was instructed by LPS to pressure Network Firms  
19 to “drive down” their performance time.

20 129. Confidential Witness #3 remembers Network Firms complaining “all the time” that  
21 the LPS timelines were unreasonable: “The [Network] attorneys were very frustrated with the  
22 timelines because attorneys know what they are doing and what is best . . . and for [LPS] to say  
23 do it faster” didn’t make any sense to the attorneys.

24 130. LPS also aggressively pushed its own employees to meet unreasonable daily  
25 production quotas, without regard for the accuracy of the work. Confidential Witness #5, a  
26 former foreclosure associate who worked with Network Firms, reported that LPS required him to  
27 resolve any issues raised by Network Firms for a minimum of 30 foreclosure files every hour, or  
28 one file every two minutes. He voiced concerns to his supervisors that these time limits

1 compromised the quality of his work, but was simply told “that’s the way it works.” Confidential  
2 Witness #5 ultimately left LPS because, as he put it: “I prefer to be unemployed than to  
3 compromise my professional integrity.”

4 131. Several other former LPS employees who worked with Network Firms, including  
5 Confidential Witness #6, Confidential Witness #7, and Confidential Witness #8, received  
6 insufficient training and reported that LPS directed them to cut corners and ignore or conceal  
7 errors.

8 132. As a result, and separate from the thousands of documents that were forged or  
9 fraudulently executed, the Nevada Attorney General’s investigation also uncovered systemic  
10 errors and/or misconduct at LPS, including: [REDACTED]

11 [REDACTED] failing to implement  
12 a foreclosure hold while a loan modification request was pending with the Servicer;  
13 [REDACTED]; and falsifying foreclosure reporting dates to  
14 ensure that Servicers were not charged penalty fees by investors.

15 133. For example, Confidential Witness #7 stated that she was instructed to manipulate  
16 timelines in borrowers’ loan files on Desktop so that they would appear to meet investor  
17 guidelines. In other words, she changed the dates at which various events occurred to make it  
18 look like they had happened within the time frames required by investors.

19 134. LPS’ efforts to shorten foreclosure timelines were successful. For example, over a  
20 three-year period from May 2004 to April 2007, LPS reduced the average time from the date a  
21 foreclosure file was received to sale of the home by 14.4 days. Over the same three-year  
22 period, this increase in speed, in part, allowed LPS and its Servicer clients to increase the  
23 volume of foreclosures 672%.

24 135. By controlling more than fifty percent (50%) of the nation’s foreclosures *and* by  
25 arbitrarily inventing and enforcing deadlines that were more aggressive than the industry  
26 standard, LPS created a foreclosure process that willfully sacrifices accuracy and integrity, and  
27 one that precludes the meaningful exercise of professional judgment by the Network Firms.

1           **B. Membership in the LPS Network Requires Law Firms to Sacrifice their**  
2           **Professional Judgment and Autonomy**

3           136. To join the LPS Network and gain access to hundreds of millions of dollars in  
4 annual revenue from foreclosure-related work,<sup>30</sup> law firms and trustee companies must purchase  
5 a license for the LPS Desktop technology and enter into a Network Agreement with LPS. On  
6 information and belief, law firms and trustee companies have little or no ability to negotiate the  
7 terms of these contracts.

8           137. LPS undermines the attorney-client relationship between the Servicer-client and  
9 the Servicer's foreclosure counsel (the Network Firm) in several ways. The first is through  
10 contract language authorizing LPS to act in the Servicer's place in managing important aspects  
11 of Firms' relationship and performance. Exhibit J is a publicly-disclosed Network Agreement that  
12 contains the following provisions:<sup>31</sup>

- 13           a. The Client. The preamble states that the Network Firm represents *not only*  
14 the Servicer, but also "wishes to provide to [LPS] and its Client various legal  
15 services." (Emphasis added). A later section, entitled "Representation of  
16 the Client," states that "[LPS] servicer/investor clients (the "Client") shall be  
17 considered *mutual clients of both [LPS] and the Firm*" and that "[LPS] shall  
18 be considered the agent of each client." (Emphasis added).
- 19           b. Fees. Network Firms must agree to the flat fee schedule *set by LPS* (not  
20 the Servicer) in "Exhibit B" to the Network Agreement.
- 21           c. Referral Fees. As explained earlier, the Network Agreement also requires  
22 Network Firms to pay LPS a kickback (this is the "referral fee" paid to LPS  
23 that is labeled an "admin fee" in the contract). "Exhibit C" to the Network  
24 Agreement states that LPS receives 100% of this kickback even if the  
25 foreclosure is terminated or transferred, presumably eliminating or reducing  
26 the need for LPS' administrative services.

27 <sup>30</sup> See Gretchen Morgenson & Jonathan Glater, *Foreclosure Machine Thrives on Woes*, N.Y. Times, March 30,  
28 2008.

<sup>31</sup> Ex. J relates to a Network Agreement for a firm that worked on Texas foreclosures; Ex. K (filed under seal) is a  
Network Agreement for a Firm operating in Nevada. The Network Agreements, including those entered into with  
Network Firms handling Nevada loans, contain the same or substantially similar language as contained in Exhibit J.

1 d. Services. Some Network Agreements, including this one, also expressly  
2 grant LPS the authority to exert direction and/or control over the attorneys.  
3 “Exhibit A” to the Network Agreement states that LPS “*shall provide direction*  
4 *to the Firm for institution or reinstatement of a foreclosure action after the*  
5 *appropriate bankruptcy issues have been resolved to permit same, when*  
6 *applicable.*” (Emphasis added).

7 138. LPS’ contracts with Servicers also provide LPS with control and authority to direct  
8 Network Attorneys. For example, Section 2.10 of the Saxon Default Services Agreement  
9 provides that “*Fidelity [LPS’ predecessor] shall manage Local Counsel*” and that “*Fidelity shall*  
10 *evaluate the performance of its employees, Local Counsel, and the Venders, and take*  
11 *appropriate action in connection therewith.*”<sup>32</sup> (Emphasis added). On information and belief,  
12 contracts between LPS and other Servicers that operate in Nevada also grant LPS similar  
13 authority to control or direct Network Attorneys.

14 139. On information and belief, Network Firms communicate their substantive questions  
15 about the foreclosure matters to LPS, not to their Servicer-client; LPS – not the Servicer – makes  
16 key decisions about whether foreclosures will proceed and whether a Network Firm’s request for  
17 a deadline extension will be granted.

18 140. The Attorney General’s review of Nevada loan files maintained on LPS Desktop  
19 revealed [REDACTED]

20 [REDACTED]

21 141. LPS employee “notes” maintained in Desktop provide additional evidence of LPS  
22 non-attorneys exerting control over Network Firms. [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 *///*

28

---

<sup>32</sup> Ex. L.

1           142. LPS non-attorneys also train Network Attorneys on how to prepare foreclosure and  
2 certain bankruptcy pleadings, such as motions for relief from stay, which allow the Servicer to  
3 foreclose during bankruptcy.

4           143. Confidential Witness #6 states that she instructed Network Firms on how to  
5 prepare pleadings, proofs of claim, motions for relief from stay, and notices of default.<sup>33</sup> In  
6 addition, Confidential Witness #6 reviewed and evaluated attorney work product on proofs of  
7 claim, motions for relief, assignments, and other legal documents. On information and belief,  
8 Confidential Witness #6 and other LPS employees in similar positions performed this function in  
9 connection with Nevada legal proceedings.

10           144. Based on similar evidence, the U.S. Trustee in *In re Taylor* concluded that LPS  
11 was “improperly directing legal action.” 407 B.R. 618, 632 (Bankr. E.D. PA. 2009).<sup>34</sup> According  
12 to the U.S. Trustee, the language in LPS’ contracts with Network Attorneys and Servicers, in  
13 combination with evidence gleaned from LPS employee “notes” in Desktop, demonstrates that  
14 LPS oversees and directs the bankruptcy workout process. *Id.*

15           145. In sworn testimony in other lawsuits, senior LPS officials have described the  
16 Company’s extensive involvement in legal decision-making. Examples of LPS directing or  
17 controlling the work of lawyers include the following:

- 18           a. LPS reviews post-bankruptcy petition loan payments and determines the  
19 status of the loan (whether it is current or delinquent).
- 20           b. For some Servicers, LPS maintains an on-site employee who reviews post-  
21 bankruptcy delinquency reports prepared on the Servicer’s system and  
22 determines whether to enter a request on LPS’ system for a motion for relief  
23 referral.<sup>35</sup> On information and belief, this decision—whether to refer a loan  
24 for a motion for relief—resides exclusively with LPS.

25  
26  
27 <sup>33</sup> Confidential Witness #6 worked as a Foreclosure Associate and in several other positions with LPS over a seven-  
year time period.

28 <sup>34</sup> In *Taylor*, LPS’ role came under scrutiny from the court and the U.S. Trustee after the Network Attorney reported  
that he had no direct access to his Servicer-client, and therefore had been unable to obtain a loan history to support  
the Servicer’s claim against the debtors. *Id.* at 623.

<sup>35</sup> See Ex. M, LPS map showing LPS personnel on-site with servicers.

1 c. LPS non-attorneys review motions for relief from stay and default affidavits  
2 prepared by Network Firms.

3 d. If an opposition to a motion for relief from stay is filed, LPS non-attorneys  
4 review the legal brief and resolve any issues pertaining to the loan or the  
5 motion for relief.

6 146. Even if some Servicers provide LPS with global instructions and delegate only  
7 certain decisions to LPS, foreclosures often require individualized decisions that cannot properly  
8 or reliably be made by LPS or managed through this one-size-fits-all approach.

9 147. On information and belief, acceptance of LPS' demand for kickbacks (referral fees  
10 deceptively labeled as "admin fees"), its unreasonable timelines, and its control over legal  
11 decisions and work product are prerequisites for membership in the LPS Attorney Network and  
12 for access to the massive volume of foreclosure, bankruptcy and other default services work that  
13 LPS controls.

14 **C. LPS Obstructs Communication between Network Firms and their Servicer**  
15 **Clients**

16 148. LPS also controls and directs the work of Network Firms by limiting direct  
17 communication between the Firms and their Servicer clients.

18 149. Although Network Agreements state that the Network Firm may contact the  
19 Servicer, on information and belief, in practice LPS protocol requires Network Firms to  
20 communicate only or primarily with LPS – not with the Firm's Servicer-client – about the issues  
21 or documents that are required for a foreclosure or bankruptcy matter. Network Firms must  
22 utilize the Desktop application for written communications.

23 150. LPS trains its employees to discourage Network Firms from communicating directly  
24 with their Servicer-clients:

25  
26 ///

27 ///

28 ///

1 a. Confidential Witness #8, who worked in the Attorney Management  
2 department in Jacksonville, Florida, explained: "LPS told us to tell the  
3 attorneys that they are not allowed to speak directly with the[ir Servicer]  
4 client ... So they don't have any direct contact with the [Servicer]" that hired  
5 them as foreclosure counsel.

6  
7 b. Confidential Witness #9, a former LPS employee in Jacksonville, Florida,  
8 stated that the company instructed her to "never give out contact information  
9 to the [Network] attorney's office about the lender, and not to give out lender  
10 information to the attorney." Confidential Witness #9's supervisors told her  
11 that "LPS was the 'Servicer'" in providing foreclosure management services,  
12 and it was "LPS' job" to provide that function.

13  
14 c. Confidential Witness #10, also a former LPS employee in Jacksonville,  
15 Florida, stated that "Fidelity's (LPS' predecessor) entire reason [for existing]  
16 was so that attorneys don't have contact with Servicers."

17 151. Courts have expressed serious concern about the way LPS undermines the  
18 effective representation of counsel. The court in *Taylor* harshly criticized the Network Firm's  
19 inability to communicate directly with its Servicer-client, finding that LPS' business model and  
20 technology precludes attorneys from fulfilling their ethical responsibilities to consult their clients.

21 152. LPS misrepresents the true nature of the services it provides, as well as its role in  
22 the bankruptcy and foreclosure processes, by advertising itself as a provider of technology and  
23 "administrative" or "support" services, when in actuality LPS stands squarely in the shoes of the  
24 Servicer-client (and sometimes in the shoes of the foreclosure attorney) and controls and/or  
25 directs the work of Network Firms to such a degree that its conduct is tantamount to practicing  
26 law without a license.

27 153. In so doing, LPS knowingly violates numerous provisions of the Nevada Deceptive  
28 Trade Practices Act, including but not limited to:



- 1 a. Nev. Rev. Stat. § 598.0915(1) (“knowingly passes off goods or services for  
2 sale or lease as those of another person”); and/or
- 3 b. Nev. Rev. Stat. § 598.0915(2) (“knowingly makes a false representation as  
4 to the source, sponsorship approval or certification of goods or services for  
5 sale or lease”); and/or
- 6 c. Nev. Rev. Stat. § 598.0915(3) (“knowingly makes a false representation as  
7 to affiliation, connection, association with or certification by another person”);  
8 and/or
- 9 d. Nev. Rev. Stat. § 598.0915(9) (“[a]dvertises goods or services with the intent  
10 not to sell or lease them as advertised”); and/or
- 11 e. Nev. Rev. Stat. § 598.0915(15) (“knowingly makes any other false  
12 representation in a transaction”); and/or
- 13 f. Nev. Rev. State. § 598.0923(1) (“knowingly [c]onducts the business or  
14 occupation without all required state, county or city licenses).

15 **VI. LPS MISREPRESENTS THE TRUE NATURE OF ITS FEES**

16 154. Though undisclosed to courts and consumers (and possibly Servicers), LPS  
17 Network Agreements contain express provisions that guarantee payment of a kickback to LPS  
18 for every foreclosure or other default-related matter that LPS refers to a Network Firm.<sup>36</sup> These  
19 fees are deceptive because the cost of the kickback is misrepresented on invoices to Servicers  
20 (and passed on to consumers) and/or submitted to courts as “attorney’s fees” and/or “trustee  
21 fees.”

22 155. LPS conceals these deceptive fees by referring to them as “admin fees” in the  
23 Network Agreements, as indicated below in the excerpt from the Network Agreement attached  
24 as Ex. J:

25  
26  
27 <sup>36</sup> Fannie Mae and Freddie Mac issued new servicing guidelines (in late 2010 and early 2011, respectively) that  
28 require Servicers to pay for any so-called “technology” or “administrative” fees charged by LPS or other third-party  
vendors. Thus, LPS no longer can recover its referral (kickback) fee directly from Network Firms where Fannie Mae  
or Freddie Mac is the investor (a/k/a “Government Sponsored Entity loans” or “GSE loans”). On information and  
belief, however, LPS continues to seek and to recover its referral fees directly from Network Firms where a non-GSE  
is the investor.

"Exhibit B" to the Network Agreement

	<u>Fees Billed to Client (Client Amount)</u>	<u>Fees Paid by Atty to Fidelity (Admin Fees)**</u>
<b>L. Foreclosure Fees*</b>		
A. Freddie Mac	\$500.00	\$125.00
B. FHA	\$550.00	\$125.00
C. VA	\$550.00	\$125.00
D. Fannie Mae	\$550.00	\$125.00
E. Other Loan Types	\$550.00	\$125.00

156. In the excerpt above, LPS receives a fee of \$125 for each foreclosure referral. The full fee schedule also lists the kickbacks that LPS demands for each eviction, deed in lieu of foreclosure, objection to plan/defense of proof of claim and motion for relief referred to a Network Firm. LPS charges this "admin" fee to all Network Firms across the country, including in Nevada.

157. "Exhibit C" to the attached Network Agreement (Ex. J) demonstrates that LPS' "admin fee" actually is unrelated to – and paid regardless of – whether LPS provides any "administrative" services.

158. As set forth in "Exhibit C" to the attached Network Agreement (Ex. J), when a foreclosure is terminated or transferred, the Network Firm is paid between 30% to 90% of the flat fees; *but LPS receives the full kickback amount—regardless of when the foreclosure is terminated or transferred, and thus regardless of whether LPS has even provided any "administrative" services.* Network Agreements for Firms that operate in Nevada contain the same or similar fees.

159. Because LPS reviews, approves, and submits the invoices from Network Firms to Servicers, LPS possesses first-hand knowledge of, and substantially assists Network Firms with, submitting deceptive invoices that misrepresent the LPS kickback as "attorney's fees" or "trustee fees."

160. There is no mechanism by which a consumer or court would know that a substantial portion of these alleged "attorney's fees" or "trustee fees" include a kickback to LPS.

1 161. On information and belief, LPS' fees are not permitted by borrowers' mortgage  
2 notes and could not be collected if they had not been disguised as "attorney's fees" or "trustee's  
3 fees."

4 162. LPS' deceptive fees violate several provisions of the Nevada Deceptive Trade  
5 Practices Act, including but not limited to Nev. Rev. Stat. § 598.0915(1) ("knowingly passes off  
6 goods or services for sale or lease as those of another person"); and/or § 598.0915(3)  
7 ("knowingly makes a false representation as to affiliation, connection, association with or  
8 certification by another person"); and/or § 598.0915(9) ("[a]dvertise[] goods or services with the  
9 intent not to sell or lease them as advertised"); and/or §598.0915(15) ("knowingly make any  
10 other false representation in a transaction"); and/or § 598.092(8) ("knowingly misrepresent the  
11 legal rights, obligations or remedies of a party to a transaction").

12  
13 **COUNT I**

14 **VIOLATIONS OF THE NEVADA DECEPTIVE TRADE PRACTICES ACT**  
15 **NEV. REV. STAT. §§ 598, ET SEQ.**

16 163. The State re-alleges and incorporates all preceding paragraphs in their entirety.

17 164. LPS engaged in deceptive acts or practices by preparing and executing  
18 assignments and/or other mortgage documents for Nevada properties that were filed with county  
19 recorder's offices in Nevada and/or in courts in Nevada and/or provided to Servicers and/or  
20 provided to consumers that contained forged signatures. The LPS employees who signed these  
21 documents on behalf of the Servicer had no authority to do so.

22 165. LPS engaged in deceptive acts or practices by executing assignments, affidavits,  
23 substitutions of trustee and other mortgage documents in which LPS employees misrepresented  
24 that they had signed the document in the presence of a notary and/or witness and/or under oath  
25 that were filed with county recorders' offices in Nevada or in courts in Nevada and/or provided to  
26 Servicers and/or provided to consumers in Nevada.

27 166. LPS engaged in deceptive acts or practices by executing affidavits and  
28 declarations in which LPS employees misrepresented that they had personal knowledge of the

1 facts to which they attested that were filed in courts in Nevada and/or sent to Servicers and/or  
2 provided to consumers in Nevada.

3 167. LPS engaged in deceptive acts or practices by executing assignments and/or other  
4 mortgage documents on behalf of defunct entities that were recorded in county recorders' offices  
5 and/or provided to Servicers and/or provided to consumers in Nevada.

6 168. LPS engaged in deceptive acts or practices by misrepresenting that the forgeries at  
7 DOCX involved mere errors in notarization or processes.

8 169. LPS engaged in deceptive acts or practices by misrepresenting that it had internal  
9 controls and processes in place to ensure that foreclosure-related documents it executed were  
10 accurate, reliable and legally valid.

11 170. LPS engaged in deceptive acts or practices by unlawfully controlling and/or  
12 directing the work of Network Firms without a license to practice law in Nevada.

13 171. LPS engaged in deceptive acts or practices by misrepresenting that it just provided  
14 technology and/or administrative services in default servicing and foreclosures when it in fact  
15 LPS was managing, controlling and/or directing the work of Network Firms.

16 172. LPS engaged in deceptive practices by reviewing and/or approving and/or  
17 transmitting invoices and/or fee and costs requests from Network Firms to Servicers and/or  
18 bankruptcy courts and/or consumers that ultimately are assessed to the consumer, even though  
19 LPS knew that these invoices misrepresented that the fees and costs were only for the work of  
20 Network Firms when they also included the referral fee paid by Network Firms to LPS.

21 173. LPS' deceptive conduct breached its obligations under Nev. Rev. Stat. §§ 598, *et*  
22 *seq.*, including, but not limited to:

23 a. Nev. Rev. Stat. § 598.0915(1), which provides that it is a deceptive practice  
24 for a person to “[k]nowingly pass[] off goods or services for sale or lease as  
25 those of another person”;

26 b. Nev. Rev. State. § 598.0915(2), which provides that it is a deceptive practice  
27 for a person to “[k]nowingly make[] a false representation as to the source,  
28 sponsorship approval or certification of goods or services for sale or lease”;

- 1 c. Nev. Rev. Stat. § 598.0915(3), which provides that it is a deceptive practice  
2 for a person to “[k]nowingly make[] a false representation as to affiliation,  
3 connection, association with or certification by another person”;
- 4 d. Nev. Rev. Stat. § 598.0915(5), which provides that it is a deceptive practice  
5 for a person to “[k]nowingly make[] a false representation as to the  
6 characteristics, ingredients, uses, benefits, alterations or quantities of goods  
7 or services for sale or lease . . . .”;
- 8 e. Nev. Rev. Stat. § 598.0915(7), which provides that it is a deceptive practice  
9 to “[r]epresent[] that goods or services for sale or lease are of a particular  
10 standard, quality or grade, or that such goods are of a particular style or  
11 model, if he or she knows or should know that they are of another standard,  
12 quality, grade, style or model”;
- 13 f. Nev. Rev. Stat. § 598.0915(9), which provides that it is a deceptive practice  
14 for a person to “[a]dvertise[] goods or services with intent not to sell or lease  
15 them as advertised”;
- 16 g. Nev. Rev. Stat. § 598.0915(15), which provides that it is a deceptive trade  
17 practice for a person to “[k]nowingly make[] any other false representation in  
18 a transaction”;
- 19 h. Nev. Rev. Stat. § 598.092(8), which provides that it is a deceptive trade  
20 practice for a person to “[k]nowingly misrepresent[] the legal rights,  
21 obligations or remedies of a party to a transaction”;
- 22 i. Nev. Rev. Stat. § 598.0923(1), which provides that it is a deceptive trade  
23 practice to “[c]onduct[] the business or occupation without all required state,  
24 county or city licenses”;

25 ///

26 ///

27 ///

28 ///

- 1 j. Nev. Rev. Stat. § 598.092(5)(c), which provides that it is a deceptive trade  
2 practice to “[a]dvertise[] or offer[] an opportunity for investment and . . .  
3 [m]ake[] any untrue statement of a material fact or omit[] to state a material  
4 fact which is necessary to make another statement, considering the  
5 circumstances under which it is made, not misleading”;
- 6 k. Nev. Rev. Stat. § 598.0973, allowing a court to impose heightened penalties  
7 for “[e]ngaging in a deceptive trade practice directed toward [an] elderly  
8 person or person with disability”; and
- 9 l. Nev. Rev. Stat. § 598.0953(1), making evidence that someone has engaged  
10 in a deceptive practice “prima facie evidence of intent to injure competitors  
11 and to destroy or substantially lessen competition.”

12 174. On information and belief, affected consumers included consumers over the age of  
13 60 or persons with disabilities.

14 175. In all matters alleged herein, the Defendants acted in the course of their business  
15 or occupation within the meaning of Nev. Rev. Stat. §§ 598.0903 to 598.0999.

16 176. In all requisite matters alleged herein, the Defendants acted knowingly within the  
17 meaning of Nev. Rev. Stat. §§ 598.0903 to 598.0999.

18 177. In all matters alleged herein, the Defendants acted willfully in violation of Nev. Rev.  
19 Stat. §§ 598, *et seq.*, as required by Nev. Rev. Stat. § 598.0999(2).

20  
21 **PRAYER FOR RELIEF**

22 WHEREFORE, the State respectfully requests that the Court:

23 1. Enter an Order declaring that Defendants have violated, and continue to violate,  
24 the Nevada Deceptive Trade Practices Act, Nev. Rev. Stat. §§ 598, *et seq.*;

25 2. Enter an Order prohibiting Defendants from continuing the course of conduct  
26 alleged herein as violating the Nevada Deceptive Trade Practices Act, Nev. Rev. Stat. §§ 598, *et*  
27 *seq.*;

1           3.     Order Defendants to pay a civil penalty in a sum not to exceed \$5,000 per violation  
2 against any Defendant found by the court to have engaged in any method, act or practice  
3 declared unlawful under the above-cited statutes;

4           4.     Order Defendants to pay a civil penalty in a sum not to exceed \$12,000 per  
5 violation against any Defendant found by the Court to have engaged in any method, act or  
6 practice declared unlawful under the above-cited statutes, that is directed towards an elderly or  
7 disabled person;

8           5.     Order that a Monitor be appointed to review LPS-prepared documents used in  
9 connection with Nevada bankruptcies and foreclosures to ensure that deceptive documents and  
10 practices are corrected and improper foreclosures are remediated;

11          6.     Enter an Order enjoining Defendants from engaging in the deceptive behavior  
12 outlined herein;

13          7.     Order Defendants to pay the costs of this action; including costs of this  
14 investigation, pursuant to Nev. Rev. Stat. § 598.0999(2); and

15          8.     Order such other and further relief as the Court may deem just and proper.

16           DATED this 15<sup>th</sup> day of December, 2011.

17                         SUBMITTED BY:

18                         CATHERINE CORTEZ MASTO, Attorney General

19  
20                         By: 

21                         BINU PALAL  
22                         Deputy Attorney General  
23                         Nevada Bar No. 010178  
24                         555 E. Washington Ave., #3900  
25                         Las Vegas, Nevada 89101  
26                         (702) 486-3128  
27                         Attorneys for Plaintiff, State of Nevada